

School of Business and Management

Bachelor's Thesis

International Business

Green marketing in running shoe industry

Vihreä markkinointi juoksujalkinemarkkinoilla

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ABSTRACT

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The purpose of this bachelor's thesis is to study green marketing and green marketing strategies. The aim of the research is to find out the role of the green marketing in running shoe industry. The theory part is based on the field's literature and scientific studies, and the empirical part is executed by using qualitative research methods, the multiple case study method and content analysis. Primary literature data for empirical study is collected from the sustainability reports of case companies from 2010-2016 and their websites. Secondary source for empirical data is social media material and articles.

The results indicate that green marketing is part of the marketing in every case company. Case companies are using different kind of marketing channels to communicate about their greenness to consumers. Companies are reporting increasingly about their sustainability and especially environmental sustainability during the past decade. Companies are using partnerships to increase their sustainability and to verify and market their sustainability for their customers and other stakeholders. Case companies aim to use ecological materials in production today and companies are trying to develop supply chain constantly. The Life Cycle Assessment (LCA) is common tool to quantitatively assess the environmental impacts of goods and processes through the entire supply chain.

TIIVISTELMÄ

Tekijä: Jenna Laukkanen

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Tutkielmassa tutkitaan vihreää markkinointia ja vihreän markkinoinnin strategioita. Tutkielman tavoitteena on tutkia, kuinka suurimmat juoksujalkinevalmistajat markkinoivat ympäristöystävällisyyttään ja mitä vihreän markkinoinnin strategiaa käyttäen. Tutkimuksen kohde yritykset ovat kansainvälisiä ja suuria. Tutkimus on toteutettu laadullisena tutkimuksena, jonka teoriaosuus rakentuu aiheeseen liittyvästä kirjallisuudesta ja tieteellisistä artikkeleista. Empiriaosuus on toteutettu monitapaustutkimuksena ja sisällönanalyysimenetelmää käyttäen. Primäärisenä tietolähteenä käytettiin yritysten vastuullisuus raportteja ja heidän internet-sivuja. Sekundäärisenä tietolähteenä käytettiin artikkeleita aiheeseen liittyen ja yritysten sosiaalista mediaa.

Tutkimuksen tulokset osoittavat, että vihreää markkinointia käytetään markkinointikeinona jokaisen tapausyrityksen markkinoinnissa. Tapausyritykset käyttävät markkinoinnissaan erilaisia markkinoinnin kanavia viestiessään kuluttajille ympäristövastuullisuudestaan. Yritysten vastuullisuuden ja erityisesti ympäristövastuullisuuden raportointi on kasvanut viimeisen vuosikymmenen aikana huomattavasti. Kumppanuudet vastuullisuuden kasvattamiseksi ja todentamiseksi kuluttajien ja muiden sidosryhmien silmissä on noussut ajanjakson aikana merkittäväksi keinoksi markkinoida ympäristövastuullisuutta. Ekologiset ratkaisut tuotteiden materiaaleissa ovat yleistyneet ja uusia ratkaisuja etsitään jatkuvasti. Tuotteen elinkaarta (LCA) hyödynnetään työkaluna tuotteen ympäristövaikutuksia selvitetessä koko hankintaketjun ajalta.

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1. INTRODUCTION

Climate change and its impact have an enormous attention among politicians, business leaders and consumers for past decades. The acceptance that climate change really is a serious problem, which must be tackled by companies as well as by governments and citizens. (Economist Intelligence Unit, 2010) The business environment has changed rapidly during the past decade. Businesses today face more global, resource-constrained, interconnected, and transparent world than ever before. Today, the best belief to get stronger economic is to rely on sustainability. (Cramer and Karabell, 2010) Even the world's biggest, toughest and most profit seeking companies are talking about the environment today, because they cannot ignore it anymore. By examining their business through an environmental way, there is possibility for managers to avoid expensive problems and create substantial value. (Esty and Winston, 2009) Companies should create business strategies to meet big global challenges and use sustainability as driver for innovation. There are big questions without solutions, like how to shift to low-carbon prosperity, how to keep economic progress going in water-stressed areas, and how to deliver dignified livelihoods for nine billion people by 2050. (Cramer and Karabell, 2010)

Today thousands of companies are publishing their sustainability reports in annual base, that will become more common. By implementing environmental policies across their supply chains, brand companies are achieving more intangible, indirect benefits, and build stronger brand reputation. They are building more sustainable supply chains, where the importance of supplier transparency and accountability of their practices are increasingly included. For example, companies are reducing packaging, avoiding chemicals, improving energy efficiency and increasing renewable energy. The aim for the brand companies is using it for identifying, assessing and limiting risks, as well as increasing consumers' trust. (Dauvergne and Lister, 2011) Increasingly people in the business world see corporations playing a major role in solving the world's environmental problems. People see business as the most powerful mechanism to create a functioning society and match needs with goods and services. (Esty and Winston, 2009) Corporate sustainability goals are integrated into the core business through increasingly standardized business tools, for example life-cycle assessment, eco-certification, supply chain tracing and sustainability reporting. Today's business books are more consisting the competitive value of these new tools. (Dauvergne and Lister, 2011)

Green marketing is becoming more important to firms as well as a global issue. When firms are handling green marketing well that does not only sustain their core competence but also increases market share and customer loyalty. (Ginsberg and Bloom, 2004) Unfortunately it is partly about public relations and partly it is still just greenwashing. However, there can be seen changes since 1970s. It is not only about commercial gains, because corporate sustainability goals are reaching further nowadays, including more and more measurable targets, which are audited by independent groups. (Dauvergne and Lister, 2011)

This thesis studies marketing from environmental point of view, the topic is “green marketing in running shoe industry.” Importance of environmental sustainability has increased in business and there has not done research of greenness in running shoe industry that much. Although some running shoe brands are marketing more and more about their sustainability and environmental sustainability. Totally “green product lines” are coming more common and importance of green marketing seems to be interesting topic for research. Case companies have long history from running shoe industry, the roots of the companies are from different continents The United States of America, Asia and Europe. Whole industry is known from their business model, which is based on outsourcing their manufacturing and using the saved money on aggressive marketing campaigns (Business insider 2013). Nowadays Sustainability Reports are available from the websites of the biggest running shoe brands like Nike, Asics and Adidas, but there are remarkable differences between their sustainability strategies and how do they market their environmental friendliness.

1.1 Research Problems, Objectives and Limitation

This Bachelor’s thesis is divided into the main research question and two sub-questions. These questions and the theoretical framework create a frame and structure for the study.

The main research problem of this study is as follows:

How do the companies market their environmental sustainability?

And the sub problems are as follows:

What kind of marketing strategies are companies using in green marketing?

How have the running shoes become more ecological than before?

The focus is green marketing and that's role in running shoe industry. Sustainability includes three aspects, environmental, social and economical, but this study is limited to environmental aspect. Theoretical part provides general overview of sustainability and especially green marketing from the companies' point of view. The empirical part provides overview of the running shoe industry, but it is limited to three big international companies in running shoe industry. It includes more detailed overview about their sustainability and green marketing strategies and furthermore, changes in running shoe production. In this study, *environmental*, *ecological* and *green* are used under same definition to describe environmental sustainability.

1.2 Theoretical Framework and Structure of the Study

The study is divided into four chapters. Chapter one introduces the research questions of this study, literature review, theoretical framework, used methodology and definitions of key concepts in this study. Chapter two is the theory part of this study and it is based on former studies conducted. Chapter two "Green marketing" provides overview about sustainability and its development, including a review from environmental aspect and green marketing strategies. The empirical part of study starts from the chapter four "Green marketing in running shoe industry." The final chapter provides discussion and conclusions of the study.



Figure 1. Framework of the study

The theoretical framework combine the main areas of the study, *Sustainability, Green marketing, Marketing strategy and Running shoe industry*, therefore it links the theoretical and empirical parts together.

1.3 Research Methodology

The empirical part of the study is done by using qualitative research methods. Answers to the research questions are searched to describe the phenomenon and explain the issue. Cooper and Schindler (2000,13) states that the research approach is explanatory by nature and it is grounded in theory and it goes beyond description and attempts to explain the reasons for the phenomenon.

The multiple case study is the research strategy for the empirical part, which focuses on understanding the dynamics present within single settings. (Eisenhardt, 1989) Case studies can involve either single or multiple cases, and numerous levels of analysis (Yin, 1984). Qualitative content analysis is one of numerous research methods used to analyze text data. It has become an efficient alternative to public opinion research, a method of tracking markets, political leanings, and emerging ideas (Krippendorff, 2004, 14.) The aim of the content analysis is to organize the material into a compact and clear form without losing relevant information. Conclusions about the phenomenon will be made by analyzing text data. The qualitative treatment of the material is based on logical reasoning and the subjective interpretation, where the material is divided into smaller parts, conceptualized and coded in a new way to entity. (Tuomi and Sarajärvi 2002, 105)

Primary literature data is collected from case companies' available sustainability reports and companies' websites of Nike, Adidas and Asics. Secondary source is their social media material and articles.

1.4 Literature Review

Defining green marketing is not that simple. *“Green Marketing, Environmental Marketing and Ecological Marketing appear frequently in the popular press. Many governments around the world have become so concerned about green marketing activities that they have attempted to regulate them” (Polonsky, 1994a).*

But the question: “Why green marketing has increased in importance?” is quite simple and relies on the basic definition of Economics. *“Economics is the study of how people use their limited resources to try to satisfy unlimited wants.” (McTaggart, Findlay and Parkin 1992, 24)*

Peattie (1995) describes green marketing as *“the holistic management process responsible for identifying, anticipating and satisfying the requirements of customers and society, in a profitable and sustainable way.”*

Menon and Menon (1997, 54) describe green marketing strategy as the process for formulating and implementing entrepreneurial and environmentally beneficial marketing activities with the goal of creating revenue by providing exchanges, which satisfy a firm's economic as well social performance objectives.

Welford (2000) states green marketing is the process of the management, which is responsible for recognizing, anticipating and meeting the requirements of customers and society in a profitable and sustainable way.

Rex and Baumann (2006) define that in green marketing, environmental issues should be included in the marketing efforts. The idea is that if companies would inform consumers better about the green properties of the products offered, for example by using ecolabels, they can use this information in their purchasing decisions. This will push companies to produce products, which are better for our environment.

Melville (2010) notes that business researchers have studied environmental sustainability for decades. Operations researchers have examined the adoption of environmental quality standards (Corbett and Kirsch 2001), lean production and environmental performance (King and Lenox 2001), and sustainable supply chains (Klassen and Vachon 2003). Marketing researchers have examined consumer adoption of green products and the marketing of sustainable business initiatives (Belk et al. 1981, Collins et al. 2007).

1.5 Definitions of key concepts

“*Green marketing strategy* is the process for formulating and implementing entrepreneurial and environmentally beneficial marketing activities with the goal of creating revenue by providing exchanges that satisfy a firm's economic and social performance objectives. (Menon and Menon 1997, 54)

“*Green product* is the product, which is produced with a lower environmental impact because of energy conservation, recycling procedures, decreased carbon or water footprint. (Chen and Lin, 2011)

“*Greenwashing* means that manufacturers are saying that products are better for the environment, but in fact there are no distinct improvements. (ISO 2012)

“*The Life Cycle Assessment (LCA)* a method to quantitatively assess the environmental impacts of goods and processes through the supply chain. (Hellweg, S. and Milà i Canals, L. 2014)

2. GREEN MARKETING

According to Kotler and Keller (2012, 5), marketing is not only about physical product, because marketers market ten main types of entities: goods, services, events, experiences, persons, places, properties, organizations, information, and ideas. The terminology used in “green” area has varied and it includes: Green Marketing, Environmental Marketing and Ecological Marketing. (Polonsky, 1994b) Green marketing is basically marketing environmental sustainability.

2.1 Development and definition of sustainability

The sustainable development has often been divided into economic, social and environmental, and it is trying to bring these three aspects together in balance without any conflicts between them as well (Giddings et al, 2002). The term “*sustainable development*” was first invented at the United Nations Conference on the Human Environment in 1972, but later that gained

prominence by way of a report to the United Nations by the World Commission on Environment and Development (WCED, 1987). It was chaired by Norwegian Prime Minister Gro Harlem Brundtland, henceforth referred to as *The Brundtland Report* (Hall et al. 2010). “*Sustainable development is development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs (WCED 1987, 43),*” this definition came up from the report. The core of this definition is the notion that all natural systems have limits and that human well-being requires living within those limits, which also emphasized the dynamic aspect of sustainability. (Hall et al. 2010)

According to Steurer et al. (2005), the sustainable development strategy is a well-known social guiding model. That integrates the economic, social and environmental issues in all levels in the short and long terms. But the strategy seems to be followed differently by everybody. The governments contribute to the policy of the sustainable development, which is usually involving some sorts of regulatory force, which the managements of companies should apply. Stakeholders can affect the decision making in companies and they influence to the general attitude towards these policies of the sustainable development. Stakeholders are important for transmitting the sustainable development strategy from society groups to the world business (Steurer et al, 2005). The sustainable development requires the change of the way how the humans need to see the world. They should see themselves as a part of a web, which is called the environment and society. For the long-run the meaning of sustainable development will be integrated as well as it will be based on human life and the world we live in (Giddings et al., 2002).

2.2 Environmental sustainability

The environmental debates achieved totally a new status on the political agenda of all governments during the 1970s. (Barnes and Barnes, 1999) It started from issues like pollution and oil, which followed to the growing knowledge of social and environmental issues, which led to the idea of *the green consumer*. (Belz and Peattie, 2009, 271) Some member states of the European Union started to control the growing pollution problems from the different natural resources by national policies. In 1972, the European Union (EU) concerned and launched the environmental action program (EAP), the aim was to ensure that the new barriers to the worldwide trade would not appear. (Barnes and Barnes, 1999)

There have been many improvements after the first EAP, including the fact that environmental emissions standards needed to be harmonized to avoid distortions to industry competitiveness. In the 1980s many companies believed that, when they would respond to environmental concerns and adopt the environmental performance, there is possibility to get marketing advantage from the source of differentiation. (Belz and Peattie, 2009, pp. 271) At the end of the 1980s, there was a mounting wave of environmentalism. Membership of environmental organizations increased considerably at that time, it can be seen the wave of environmentalism, when green parties were popular in several EU countries, and gained nationally good results as well as in the European Parliament. (European Environmental Bureau 2005, 12)

People have started to understand globally the importance of environmental management and green innovation since the 2004 Indian Ocean earthquake, which killed nearly 230,000 people in 14 countries and inundated coastal communities with 30 meters high waves. Furthermore, the Hurricane Katrina, which severely damaged the USA in 2005 has effected on peoples' concerns about environment. "The ever-increasing industrial activities have become the causes of environmental impact since the Industrial Revolution became a growing global problem in the world." The concepts of environment management, such as green marketing, green innovation and green production are used to eliminate the environmental problems. (Chen and Lin, 2011)

Today environmental sustainability is one of the major issues in companies' strategy, innovations and marketing decisions (Dangelico, Pontradolfo and Pujari, 2013, 642). Basically when companies would protect the environment and prevent pollution, their business could be more profitable, they could minimize risks, cut their disposal costs, gain competitive advantage and at the same time provide customers higher quality products (DiPeso, 2000).

2.3 Life cycle assessment

The European Commission *waste strategy* from 1996 regards that by considering the life cycle of a product from manufacture until the end of its useful life, including producers, material suppliers, trade, consumers and public authorities share specific waste management responsibilities. However, the European Commission underlines that the product manufacturer has a predominant role, because the manufacturer is making key decisions concerning the waste management potential of the product. Including such as design, conception, use of specific

materials, composition of the product and finally its marketing. The manufacturer can provide the means not only to avoid waste by a considered utilisation of natural resources, renewable raw materials or non-hazardous materials. In addition, there is a possibility to conceive products in a way which facilitates proper re-use and recovery. All information by marking, labelling, the issue of instructions for use and of data sheets may contribute to this aim. (European Environmental Bureau 2005, 84)

The currently accepted definition to Life cycle assessment (LCA) is *“the compilation and evaluation of the inputs, outputs, and potential environmental impacts of a product system throughout its life cycle.”* (ISO 14040, 2006) Today's supply chains are global and complex, technologies in production and consumption patterns of the modern economy cause wide range of environmental effects. To identify all impacts throughout the entire value chain should be accounted for. Focus on to identify the most effective strategies by avoiding burden shifting from one environmental impact to another. Life Cycle Assessment (LCA) is a method to quantitatively assess the environmental impacts of goods and processes from *“cradle to grave.”* (Hellweg, S. and Milà i Canals, L. 2014) Researchers have focused to understand and identify the role of ecosystems goods and services for human well-being over the last several years. Some studies have identified their remarkable role in sustaining human activities. (Zhang et al. 2010)

“Bio-based materials have the potential to reduce non-renewable energy use as compared to conventional materials but may come at the cost of additional land use and related environmental impacts. Bio-based synthetic material production such as polymers, lubricants and fibers has been growing in past decades” (Weiss et al., 2012). Companies are trying to find conclusions by technological innovation, this is the way to open widely a range of applications for bio-based materials, including the use of bio-based plastics for consumer goods and packaging materials. (Shen and Patel, 2010) The International Organization for Standardization (ISO) is for develop and publish International Standards. The ISO has developed a standard methodology for LCA as part of its ISO 14000 environmental management series. The ISO 14040 standard outlines four main steps in an LCA: goal and scope definition, inventory analysis, impact assessment, and interpretation of results. (Cheah et al.2012, ISO 2017) This study will adhere to the ISO standard to assess the life cycle impact of running shoes.

2.2 Green marketing definition and importance

The green marketing movement began in the USA in 1994 (Kotler and Keller, 2006). Although the concept of green marketing evolved from a societal marketing concept, which Kotler proposed in 1976 (Wong, 2008). Several companies have developed green marketing objectives and they have integrated them into their marketing activities. Energy conservation, recycling procedures, decreased carbon or water footprint, green production are examples of marketing objectives. (Chen and Lin, 2011) Polonsky (1994a) categorized the green marketing into two business models, the first model one is to provide environment-friendly products and services, and the second one focuses on developing activities related to environmental protection. Stanton and Futrell (1987) stated that *“all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment.”*

Kotler and Keller (2012, 82) notes that the survey in 2007 found that 94 percent of respondents were “willing” to “change their own action in order to improve the environment and 50 percent were “very willing.” Furthermore, the survey shows the U.S. adults who believe global warming will pose a serious threat during their lifetime has increased from 25 % in 1998 to 40% in 2008. In same year 2008, a Mediamark Research & Intelligence study found that around two-thirds of U.S. men and women stated that “preserving the environment as a guiding principle in your life” was “very important.”

To understand green marketing, companies need to understand, what is marketing generally. Kotler and Keller (2012, 27) define marketing as *“Identification and meeting human and social needs.”* The definition by The American Marketing Association is more formal *“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”* Ottman, Stafford and Hartman (2006) and Rex and Baumann (2006) stated that environmentally friendly products should be marketed to a wider audience by focusing on values, which are important to all consumers rather than the environmental benefits of the product.

Chen (2008) notes that several empirical studies have determined the importance and advantages of going ecological. There have been results that the green core competence of companies affects positively on their green product innovation performance, green process innovation performance, and their green image. The study showed that green product

innovation performance and green process innovation performance has a positive correlation with the company's green image. According to Kotler and Keller (2012, 123), marketers have to connect with customers by informing, engaging and maybe even energizing them in the process. Companies, which are customer centered are expert to build relationships with customers, they are skilled to market engineering, not just product engineering.

2.3.1 Green marketing strategy

Societal pressure should not be only reason for managers to adopt green management practices. It should rather be the aim, because it advances their organization's strategic goals (Siegel, 2009). Companies are successfully interrelating public purpose marketing or enlightened capitalism with their economic-oriented marketing strategies. That kind of marketing activity can be stated as marketing with a social dimension, or marketing that includes noneconomic criteria (Drumwright 1994).

In the early 1990s was going on interesting business development. Varadarajan (1992) invented the new strategic environmental paradigm as *enviropreneurial marketing (EM)*. Menon and Menon (1997, 54) defined that an effective enviropreneurial marketing strategy should be sustained by enviropreneurial marketing principles, "*Green marketing strategy is the process for formulating and implementing entrepreneurial and environmentally beneficial marketing activities with the goal of creating revenue by providing exchanges that satisfy a firm's economic and social performance objectives.*" Enviropreneurial marketing can impact on business performance and corporate reputation, furthermore effects can be even stronger, if the company's industry would have a better reputation.

However, the green marketing literature was mainly focused on exclusively to the size of the green market and the profile of the green consumer. Some scholars even state that the consumer profile was only the interest area in studying the greening of the consumer. In 1990s the green market identified was typically divided into market segments based on the 'greenness' of the consumer. (Iyer and Banerjee, 1993; Rex and Baumann, 2006) Banerjee, Iyer, and Kashyap (2003) developed and expanded the concept of corporate environmentalism to two core elements: *environmental orientation* and *environmental strategy*. In some situations, environmental orientation has positive impact on performance, but that refers senior managers would recognize the importance of environmental issues and would face their companies

condition. Environmental strategy refers to the scope to which environmental issues are integrated with a firm's strategic plans. (Banerjee et al. 2003).

Although both Menon and Menon (1997) and Banerjee et al. (2003) underlined how important role the top management team and their organization's leadership have in the process of adopting green marketing strategy. Recording to Egri and Herman (2000) study leader's personal values for example their eco-centric, openness to change, self-transcendent and transformational leadership style have a positive impact of a firm's environmental strategy.

Green marketing is becoming more and more important to firms as well as a global issue. Corporate social responsibility (CSR) can have a great impact on corporate image and social identity, as well as marketing activities. When firms are handling green marketing well that does not only sustain their core competence but also increases market share and customer loyalty. It does not matter how committed have firms become to environment friendliness or consumer health, although corporate social responsibility has become the most important and serious issue in today's contemporary business. However, it is clear that there is not only one green strategy, which would work for all, because of the different markets and competitive conditions range from the relatively passive and silent green approach to the aggressive and visible green approach. (Ginsberg and Bloom 2004, Chen and Lin 2011)

2.3.2 Green Marketing Strategy Matrix

Green Marketing is a marketing strategy to help the company to get more customers and make more money, terms of the company is doing it right. Singh and Pandey (2012) list three things to do to have effective green marketing: *be genuine, educate your customers, and give them the opportunity to participate*. Companies should consider some relevant issues before choosing the green marketing strategy in the matrix. How substantial is the green consumer segment for the company and is there a chance to increase revenues by improving their greenness? How much do your consumers appreciate greenness? And can the brand or company be differentiated on the green dimension and does the company have resources and understanding to be green? Can the company gain competition advantage by greenness? (Ginsberg and Bloom, 2004)

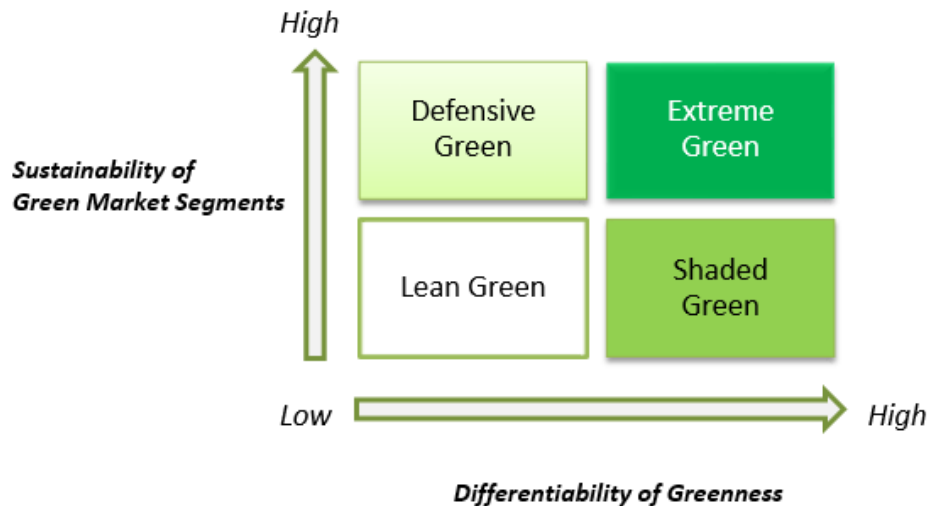


Figure 2. Ginsberg and Bloom. (2004) *Green Marketing Strategies*.

Lean Greens try to be good corporate citizens by focusing on publicizing or marketing their green initiatives. They are more interested to reduce costs and improve efficiencies through pro-environmental activities, to create a lower cost competitive advantage, not a green one. *Lean Greens* do not promote their greenness, even they have invested in environmental activities for example various recycling activities and package modifications. *Defensive Greens* commonly use green marketing as a precautionary measure, to respond to a crisis or react to the actions of the competitor. They see aggressive promotion of greenness as wasteful, which would create expectations, which could not be met. *Defensives* are pursuing actions for example sponsoring smaller environmentally friendly events or programs. The purpose is to build better brand image and reduce possible damage. *Shaded Greens* see that there is an opportunity to develop a competitive advantage by greenness in terms of innovative needs-satisfying products and technologies. *Shaded Greens* are investing in long-term, systemwide, environmentally friendly processes, which includes financial and nonfinancial commitments. They are capable to differentiate themselves on greenness, but they see more important to make more money by stressing other attributes. *Extreme Green* firms are built by holistic philosophies and values. Environmental issues are totally integrated into the business model and product life cycle process in this kind of firms. Usually greenness has been a major driver behind the company from the beginning. (Ginsberg and Bloom, 2004; Chen and Lin, 2011)

The fundamental strategy is to use the primary marketing mix tools 4P's (product, price, place and promotion) by modifying them to the needs of green marketing. (Shrikanth and Raju, 2012)

Table 1. Primary Marketing Mix Tools with Green Strategy (Ginsberg and Bloom, 2004)

	Product	Price	Place	Promotion
Lean Green	x			
Defensive Green	x			x
Shade Green	x	x		x
Extreme Green	x	x	x	x

Table 1 is showing the marketing mix tools product, price, place and promotion, which are utilized in green strategy. In Ginsberg and Bloom's theory, between the four green marketing strategies the differences can be seen by considering how the four elements of the marketing mix are utilized in each strategy. The matrix has proved to be useful tool to integrate strategy to green marketing plans, but the matrix is not easy to use generally. (Chen and Lin, 2011)

2.3.3 Green promoting

"Many companies try to produce products more eco-friendly but they do not promote their efforts." Some companies have chosen to not promote their environmental friendliness even, if it is part of their business strategy. (Kotler and Keller, 2006, 30) Although using ecolabels has seen as one of the main tools of green marketing. The main reason to the effort has been invested to make them more effective and efficient, after all the market share of eco-labelled products is still low, partly because they have been addressed mainly to 'green' consumers. (Rex and Baumann, 2006)

Consumers' hopes for green product have been hurt by the perception that those green products' quality is lower. In 2002 survey (Roper ASW, 2002) 41% of consumers said that they do not buy green product, because they were worried about the diminished quality of eco-friendly version. Although people are increasingly willing to pay a premium price of organic foods. They believe organic food is healthier, tastier and safer. The same is happening in cases of energy-efficient, water-conserving washer and dryer unit. In a theoretical exposition of marketing theory, we find that green marketing could learn from conventional marketing in discovering other means than labelling to promote green products. Examples include addressing

a wider range of consumers, working with the positioning strategies of price, place and promotion and actively engaging in market creation. (Rex and Baumann, 2006)

“Consumers’ purchasing decisions can provide a market signal to producers about product preferences.” Companies use labeling to increase consumers’ awareness their environmental friendliness. These ecolabels are also intended to educate and increase consumer general knowledge of the environmental impacts of a product. It is part of the environmental protection, when company encourage consumers to buy their products, which are with a lower environmental impact. (ISO, 2012)

According to Singh and Pandey (2012) *“Green marketers reinforce their environmental credibility by using sustainable marketing and communications tools and practices.”*

- *Providing electronic statements or billing by e-mail;*
- *Using e-marketing rather than paper-based direct mail;*
- *Offering downloadable publications to reduce print quantities and paper usage;*
- *Printing on recycled materials using processes such as waterless printing;*
- *Eliminating unnecessary packaging;*
- *Offering Webcasting as an alternative to live events to reduce representatives’ travel.*

Communication must be credibility to create successful green marketing. Companies should never overstate environmental claims or build unrealistic expectations. For larger corporations, it is possible to advertise a lot and make public relations campaigns to promote their commitment to environmental improvement, but promotion on this scale is not essential. (Singh and Pandey 2012)

2.3.4 Greenwashing

The one of the challenges with green marketing is that consumers have difficulties to understand the environmental benefits of products, leading to many accusations of “greenwashing” where products are not even close that green and environmentally beneficial as their marketing might suggest. (Kotler and Keller 2012, 82)

Consumers do not know for sure, what to buy to make a real difference, because there is consequently discussion about “green-washing”, which means that manufacturers are saying

that products are better for the environment, but in fact there are no distinct improvements. Generally, manufactures are using pictures, symbols and logos to send a message about the environmental attributes of a product, but possibly images could be even more ambiguous than text for the consumer. The best way to handle this kind of situations is to make no distinction between using the text and using the symbols. However, any logo or image in case to send the message should follow the basic rules and should be unlikely to result in misinterpretation or be misleading. (ISO 2012)

3. GREEN MARKETING AND RUNNING SHOE INDUSTRY

This chapter includes the empiric research, which considers green marketing in three international running shoe brands Nike, Asics and Adidas. Chapter starts with a short presentation of the studied industry and then presentation of the studied companies' green marketing including sustainability aspect. After there is part of the analysis of their green marketing strategies. Primary literature data is collected from companies' available sustainability reports from companies' websites of Nike, Adidas and Asics. Secondary source is their social media material and articles.

Running is a popular activity. It is a low-cost sport that requires only little equipment, running shoes and some type of athletic clothing, which is making it possible to people at varying income levels or age. Running does not require the organization of other individuals to make it happen, like group sport does. All that is making it a universally possible exercise for all healthy, active individuals. (Silvernail et al. 2015, Tillman et al. 2002) Although running shoes leave huge carbon footprint, that is not "healthy for environment." Carbon footprint is unusually high for a product that does not even use electricity, or require sophisticated components. A typical pair of running shoes are made from synthetic materials and a pair of them generates 30lbs of emissions, equivalent to leaving a 100-watt bulb burning for a week. But sports apparel companies have been leaders in trying to reduce their environmental impact. But as the findings suggest, it's an especially complicated problem. (Cheah et al. 2012)

The footwear industry impacts significantly to portion of the apparel sector's environmental burden. Sales of running shoes per day is 34 million pairs, which means per year averaging a nontrivial 25 billion. A single shoe can contain 65 discrete parts that require 360 processing

steps for assembly. (Cheah et al. 2012) We could say that 360 processing steps are history from 2012, because today in 2017 3D-printing is doing the breakthrough in running shoe industry. This new technology is not really printing in that traditional sense, it is using “selective laser sintering” (Conner et al. 2014). 3D-printing process that constructs components of a shoe one layer at a time, it is a machining process that lays out thin layers of materials, rather than the traditional model of cutting or injecting foam (Luna 2013, Newcomb 2017). Companies can engineer the structure of a shoe, starting with the outsole and moving into the midsole (Newcomb 2017). The possibility is real that in the future we could see foot scanners in sporting goods stores enabling customizing running shoes to be mailed to customer’s home (Conner et al. 2014).

The Statistics Portal (2016) provides results from the survey, which presents that 31% of respondents bought running shoes through online channels, Nike with 51,01% market share, Asics with 15,27% and Adidas 6,17%. However, an analyst from market research firm NPD Marshal Cohen notes *“there is one sport where Asics is miles ahead of its bigger rivals: running. Asics are worn by serious runners.”* Asics shoes are known, that those are technically designed for specific types of running, but lately costumers are buying increasingly fashionable sneakers. In the USA for example, less than a quarter of people who buy running shoes will actually use them for training, that can be one reason to explain Nike’s 51%. People want comfort but not that high performance look, which is why fashion is now the key driver in athletic footwear market. (Bloomberg 2008) There is no reason to overlook this market.

In 1990s Nike became a global symbol of abusive labor practices. Nike faced weak demand and unrelenting criticism during the that decade, they needed to lay off workers. In the end of 1990s they started to develop their strategy to be more sustainable. In 2005 Nike became the first in its industry, who published a complete list of the factories that the company has a contract. (Business Insider, 2013)

3.1 Nike Inc.

The Nike (Nike) brand was launched in 1972 in US, and the company officially changed its name to Nike, Inc. in 1978. Over the years, Nike has emerged as the world’s most powerful sportswear and equipment supplier. (Terjesen and Argue 2010) Nike is the most popular footwear brand in the world, but Nike is often disputed among runners, because of the

discussion about their lack of durability. However, Nike is a powerful brand and it still have demand among the runners' community, including joggers, half-marathoners, and full-marathoners, but like numbers show less than 25% of running shoe customers are really wearing them for running in the USA. (Hall 2008)

3.1.1 Nike and sustainability

Nike notes that Nike Inc. is the world's leading designer, marketer as well distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities. In 2015 (FY15), Nike shipped more than 1 billion units of shoes, apparel and equipment. Nike stated that they aim to become a \$50 billion business by the end of 2020 (FY20), while further reducing their environmental footprint and enhancing their positive impact on employees, workers in our supply chain and communities worldwide. (Nike 2016c) Nike announces on their website that their mission is to bring inspirations and innovation to every athlete in the world, which drives them to encourage every person to reach their full potential, is it then on the track, field or court, at work or at home. (Nike 2017a) *"Nike has believed in the power of sport to change the world. On the field of play, Nike is serving the next generation of athletes by raising awareness of the physical inactivity epidemic and working with others to get kids moving, because research shows that active kids are happier, healthier and more successful."* (Nike 2016a)

Nike announces that for them *"a sustainable economy is a low-carbon growth economy."* Carbon is the main indicator to assess sustainability for Nike, but they recognize sustainability is way more. More means addressing their all impacts on the environment and the communities where they operate. They note, it is not only from environmental point of view, Nike sees sustainability from ethical and economical point of views as well, including labor rights in supply chains, while continuing to serve the athlete and their business. (Nike 2017b) Nike Sustainability report FY1415 begins from the line *"Sustainable innovation is a powerful engine for growth (Nike 2016c)."* All that is summarized in their website part *Minimize environmental footprint*, where Mark Parker, President and CEO of Nike states *"If all we do is create a single line of green products, we will have failed. Sustainability must be a design ethos across all out products."* (NIKE 2017c)

3.1.2 Nike marketing environmental sustainability

Kotler and Keller stated in 2006 that Nike is trying to make its company and products more eco-friendly, like many other companies. However, Nike did not promote its efforts unlike many companies. It was explained by the statement that *“Nike has always been about winning. How is sustainability relevant to its brand?”* Nike executives agreed that promoting their eco-friendliness would distract from its slick high-tech image, so efforts like recycling old shoes into new shoes were kept quiet. (Kotler and Keller, 2006, 30)

Now ten years later in 2017 Nike is promoting their eco-friendliness. The letter from the CEO: *“The challenge of climate change demands everyone’s ingenuity. Every day I challenge my team to do just that, guided by a single, moonshot question: “Can we double our business, while halving our environmental impact?” Getting there means strengthening every aspect of our business. It means inventing closed-loop products; moving to 100% renewable energy; pioneering a manufacturing revolution that puts workers’ voices at the heart of the business model; and fostering a diverse workplace and an inclusive culture that unleashes innovation.”* (Nike 2016b)

Nike started to calculate their environmental footprint in 2002, since then they have expanded it in breadth and depth and publicly shared it in their 2012/2013 (FY12/13) reporting. Nike has also conducted thorough lifecycle assessments (LCAs) for several individual products, for example their running shoe model Pegasus and Flyknit active sportswear and running shoe models. In these LCAs, they calculated every critical environmental impact of the products at each stage of the value chain. (Nike 2016c) *“Focusing on energy, chemistry, water and waste, we go deep into the supply chain to understand our impacts and identify strategies to use less, use better and use again”* (Nike 2017a). In the fact, 60% of the environmental impact of the one pair of Nike shoes comes from materials. Developing a new palette of sustainable materials will be the one of the keys to their success. That’s why Nike is innovating with others, such as the Sustainable Apparel Coalition and LAUNCH – a partnership with NASA, the U.S. Agency for International Development and the U.S. Department of State. (Nike 2016c)

Nike (2017) notes on their website that *“climate change is a global issue that requires global solutions. Resource scarcity, fluctuations in the prices of raw materials and disruptions to supply chains are real concerns for business.”* Nike states that they understand impacts what climate-related issues have on the athletes they serve. Mark Parker, President and CEO of Nike

underlines that they're investing in green, equitable and empowered workplaces. Nike has a focus on decreasing waste significantly and actually today's *Nike Grind*, a palette of premium recycled materials is used in 71% of NIKE footwear and apparel products, in everything. (Nike 2017c) Sustainability Report FY1415 includes the figure "*SCALING SUSTAINABLE INNOVATION*", where Nike summarizes their sustainable achievements. Nike adduces that "*Nike is the world's top user of recycled polyester in the apparel industry, with 39% of garments containing polyester using recycled content in FY15.*" (Nike 2016c)

Nike (2017c) states in their sustainability part of the website that they have worked 15 years to understand, track and decrease carbon across their value chain. Since 2008, their revenues have increased by 64%, the company's contract footwear manufacturers have cut energy use per unit by around 50%. They've limited our absolute emissions to only 20% growth across product manufacturing, logistics and their owned facilities. Which represents that the per-unit carbon emissions of them have decreased by 19%. Nike (2016c) is using more than 16,000 materials in their products each year, and a pair of shoes may contain up to 30 materials. *The NIKE Materials Sustainability Index (MSI)* motivate their teams to choose better materials from better vendors by allowing them to compare the environmental impacts of 57,000 different materials, supplied by 741 vendors. Their next target for year 2020, *FY2020* is going to be zero waste from contract footwear manufacturing, which is going to landfill or incineration without energy recovery. The next target by the end of FY25 is to reach 100% renewable energy in owned or operated facilities. "*But we're not stopping there. One of NIKE's most profound transformations is in how our products are made. We call it a manufacturing revolution. It starts with our customers' rising expectations.*" (Nike 2016c)

"*A future where we produce closed-loop products – created with renewable energy and recyclable materials. A future where supply chains are fueled by skilled and valued workers – all of them supported by industry's unified standards.*"(Nike 2016b) Nike is using Flyknit technology, which saves millions of pounds of waste from ever reaching the landfill. Nike is marketing that Flyknit technology allowed them to deliver the lightest, strongest, and most adaptive footwear, what they have ever created. "*LIGHT ON YOUR FEET. LIGHTER ON WASTE. MAXIMUM PERFORMANCE. MINIMUM WASTE.*" (Nike Flyknit 2017) If this statement isn't green promoting, what is it then.

SUSTAINABILITY HAS BECOME A GAME-CHANGER FOR NIKE.

We have a bold, audacious innovation ambition that fuels our creative design process, drives innovation and propels us into the future.

WE CALL THIS SUSTAINABLE INNOVATION.

“ACCELERATING TOWARD A LOW-CARBON GROWTH ECONOMY”

Figure 3. Nike, Sustainability (2017a)

Nike regards that sustainability and business growth are complementary. They have reduced absolute CO₂e emissions while simultaneously increasing revenues since FY00 (2000). “The world needs systematic change at scale. Nike is forecasting that the rate at which our emissions could increase if we were to follow a mind-set of “business-as-usual. “WE MUST INVEST IN DISRUPTIVE INNOVATION TO ADDRESS OUR IMPACT ON THE ENVIRONMENT AND PROPEL US TOWARD A LOW-CARBON, CLOSED-LOOP FUTURE.” Nike is visualizing by the Figure 4. on their website, what would happen, if they do nothing to carbon emission. They are not hiding it, Nike want to make consumers aware.

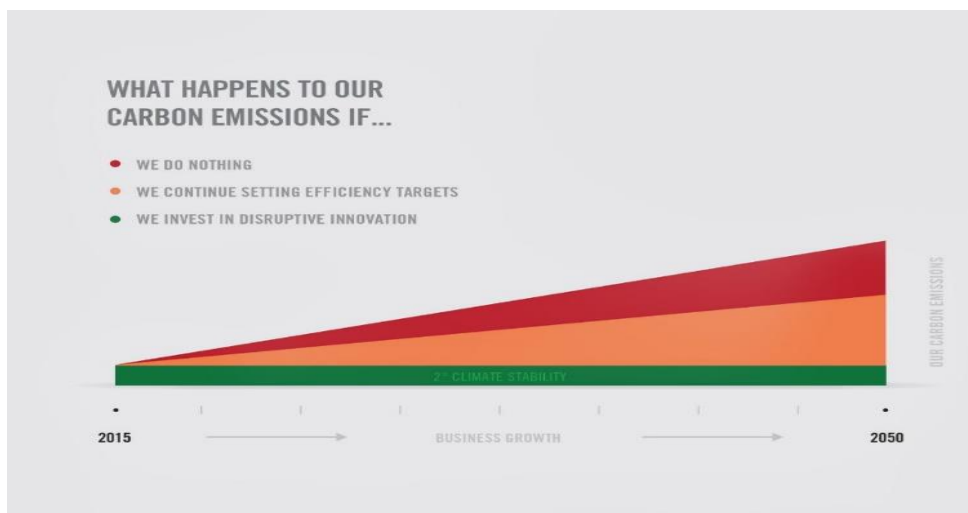


Figure 4. Our carbon emission (Nike 2017a)

“When we see opportunities to create industry-wide change, we drive market shifts through sharing, open-sourcing, and creating coalitions and consensus. We work to influence standards and policies to drive innovation forward.” (Nike 2017a)

Nike (2016c) has a strategy, which is focusing on to reduce environmental impact throughout the product lifecycle. Nike describes it in their Sustainability Report FY1415, they are looking upstream to materials vendors, contract factories and product transport to investigate opportunities for implementing lean manufacturing and better shipping options. Furthermore, it's looking downstream, how to explore better reuse and recycling opportunities by their retail partners and consumers.

3.2 Asics Group

ASICS Group (Asics) was started in 1949 in founder Kihachiro Onitsuka's home in Kobe, Japan. (Terjesen and Argue 2010) Asics is one of the world's top five sports performance and lifestyle brands, operating 49 businesses in 26 countries (Asics 2015). Since then Asics Group has been committed to taking care of the world's youth by being a force for positive change. Giving them the right direction in life through sports in order to contribute to society. The vision has been to *"Create Quality Lifestyle through Intelligent Sport Technology."* The mission is providing goods and services as well as to promote healthy and fulfilling lifestyles through the world. (Asics 2017a)

3.2.1 Asics and sustainability

"At ASICS, sustainability is in our DNA." Asics states that they consider social and environmental aspects in all business decisions. They work with business partners, who share Asics's commitment to a sustainable and fair sporting goods industry. Asics enhancing environmental sustainability to products and to manufacturing processes by integrating sustainability as basic principle in their design. The aim is to impact through the whole value chain, they are addressing their operations' impact, their supplier operations and how do they get their products to sale. (Asics 2017b)

On Asics (2017c) website part "Sustainable products and services" information about their Institute of Sport Science, where researchers and scientists are working with. The aim is to make combinations from new discoveries about the human body with the latest technological

advances to refine their products. Their intensive interest is to find and develop environmentally sustainable materials and manufacturing technologies.

“Our Board of Directors has final responsibility for sustainability at ASICS. The Board is supported by our managers, who are responsible for making sustainability considerations a priority in our corporate objectives. Each core department integrates sustainability into its business strategy and processes.” Since 2004, ASICS Group has operated a CSR & Sustainability department, currently comprising both a global team and staff at regional levels. This department drives sustainability initiatives, manages progress against targets and engages with internal and external stakeholders. (Asics 2017d)

In 2014 Asics conducted their first Social Life Cycle Assessment (S-LCA) based on one of the top-selling products, the 21st edition of the iconic KAYANO running shoe. *“The S-LCA Scan was based on a social risk profile developed using the Social Hotspot Database (SHDB) which pinpoints sectors in each country that are generally associated with high risk of low social standards or even misconduct. A limitation of this risk-focused approach is that it excludes positive social effects such as employment and community engagement.”* (Asics 2017c)

“Over the past five years, we have seen a number of developments that have fundamentally changed the way the sporting goods industry operates regarding sustainability.” Asics regarded that especially social media has impacted to the customers’ awareness of the risks around unsafe and unethical working conditions. Customers are more critical and they are aware about possible environmental damages in today’s complex, global supply chains. The origin of the product does matter to the consumers, as well as materials and ethical supply chains. *“We take this responsibility very seriously and recognize that we have an influential role to play.”* (Asics 2015a)

In 2015 Asics changed their sustainability and financial reporting. “At ASICS, we compile our sustainability reports in accordance with the Global Reporting Initiative (GRI), the international benchmark for sustainability reporting.” From January 2015, the Asics Group shifted from Japanese fiscal reporting to calendar book years for financial as well as sustainability reporting cycles. In 2015 Asics updated also their structure of reporting towards the GRI G4 reporting guidelines. (Asics 2015a)

Asics Listed on Dow Jones Sustainability Asia/Pacific Index 2016. *“We believe that this reflects our progress on priority sustainability topics, in collaboration with our supply chain*

partners and other stakeholders. Our efforts will continue as we focus on delivering on our 2020 Sustainability Strategy which supports the ASICS Growth Plan (AGP) 2020,” Motoi Oyama, President and CEO of ASICS Corporation. In addition, Asics has been selected as a component company of another global SRI index, the FTSE4Good Global Index, created by FTSE Russell (UK). Asics was also included for the first time in RobecoSAM’s The Sustainability Yearbook 2016, the world’s most comprehensive publication on corporate sustainability. (Asics 2016) RobecoSAM publishes the Sustainability Yearbook annually and it looks back at companies’ sustainability performance and rank them as Gold, Silver or Bronze (RobecoSAM 2017).

3.2.2 Asics marketing environmental sustainability

Asics website sustainability section is divided to many other sections and it is not easy as a consumer to get even “the bigger picture” of their sustainability. Asics has published their Sustainability Report from 2015, but not yet the year 2016. *“Promote improved awareness of environmental issues and implementation of best practices to ASICS’ directors, employees and Business Partners. Ensure effective communication and engagement with customers, consumers, suppliers, and other stakeholders through disclosure of information regarding our environmental activities and performance.”* (Asics 2017f)

“Being a product driven organization, we believe that it is in the very design (including material selection) and development of products and processes that the biggest sustainability improvements can be made.” Asics is advancing *Life cycle assessment (LCA)* as their valuable tool for building knowledge about the environmental as well social impacts of specific products. LCA provides quantified results, those help Asics to understand better the various impacts through their products’ value chain. *“Using LCA thinking in our approach to product development means that we give equal attention to materials with lower environmental impact (such as recycled fabrics) as we do to more durable materials to extend product life.”* (Asics 2015)

Since 2000 Asics (2017c) has been implementing an environmental management system. Their operations are committed to improving environmental performance continuously according to the PDCA (‘plan-do-check-act’) principle. *“Several Group members are ISO 14001 certified and we are continuously expanding the ISO 14001 scope.”* Their aim to expand and improve

our environmental management system (ISO14001) within ASICS group, clarify authority and responsibilities within ASICS group. *“Stimulating our directors and employees to address environmental responsibilities within the framework of daily operating procedures and act to preserve the environment on a global scale. Continuously work to ensure the safety of our products and environmental improvements by increasing the transparency of our supply chain, and in doing so, fulfilling our social responsibility.” (Asics 2017c)*

Their approach to sustainable product development is aligned with *the Higg Index* (Asics 2017c). The Higg Index has been developed by the Sustainable Apparel Coalition (SAC), an industry-wide group, which is working to reduce the environmental and social impacts of apparel and footwear products around the world. ASICS is a founding member of SAC, where companies from every segment of fashion, manufacturing and retailing globally have joined forces with the SAC (Sustainable Apparel Coalition 2017). The Higg Index is a tool to assess sustainability through a product’s life cycle. For example, energy is one of the principles to sustainable production, Asics has been measuring and reducing energy use in the light of our CO2 emissions from our business locations in Japan since 2007, and from all global operations since 2011. The other principle is water, Asics has noticed the growing pressure on water resources. *“Population and economic growth, pollution, and other challenges – has major impact on our social, economic, and environmental well-being.”* Asics has identified water to be a material subject for their next years (2016-2020) strategic plan. They are continuously improving their systems to track and reduce water usage within the ASICS Group. (Asics 2017c)

“At ASICS, we actively search for sustainable materials that meet our strict performance and quality requirements for use in our products. Our shoeboxes are made from recycled cardboard and have water based inks. More information regarding durable and recycled materials can be found in the ‘Products and Services’ section our sustainability report.” (Asics 2017d)

3.3 The adidas Group

The adidas Group (Adidas, Adidas Group) seems to be the most sustainable running shoe brand from the first sight. The adidas Group founded from Germany in 1920s by Adolf ‘Adi’ Dassler and has its roots in the Dassler Brothers Shoe Factory, established with brother Rudolf. (Terjesen and Argue 2010) It is one of the biggest running shoe brands. Year 2016 was an

exceptional for them, their net sales have grown by 20% in Western Europe, 24% in North America and 28% in Greater China. In 2016 they produced 360 million pairs of shoes, which is 53% of their net sales by product category. (Adidas Group 2017a)

Adidas Group (2017a) have improved their desirability globally, for the first time in the company's history, they were finally able to increase their revenues strongly and achieved their record net income of more than € 1 billion. *"These results are proof positive that our strategy 'Creating the New' is paying off,"* said adidas CEO Kasper Rorsted.

3.3.1 The adidas Group and sustainability

Adidas is not only reporting about their sustainable standards or sustainability strategy. Adidas is marketing their sustainability and greenness also by their environmental friendly product lines and achieved awards.

Adidas Group (2017a) is promoting their achievement on their website, *"GOLD FOR A GREEN PERFORMANCE! In 2016 adidas and Burberry have been awarded "Gold Class" in a Corporate Sustainability Assessment (CSA) carried out by global investment group RobecoSAM, a company focused exclusively on sustainability investing. This year, 867 companies from 42 countries took part. adidas has been recognized as an 'industry mover' and received Gold Class, signifying that it achieved a minimum total score of 60, and was within 1% of the top performing company's score. French luxury goods group Kering and adidas' strategic partner BASF received Silver Class for their sustainability efforts while Asics took part in the assessment but did not receive an award."* Adidas brought up the fact that Asics failed and did not receive any award, while Adidas won the Gold Award.

"We have been working towards sustainability for many years and recognise that the task ahead of us is a marathon, not a sprint." Adidas reminds, that when it has been about global supply chain management, environmental footprint, or community programmes, the adidas Group has been the one, who has been running leadership programmes for years. (Adidas Group 2017a) On Adidas website, there is "sustainability history" part, where they summarize their achievements and progress towards be the most sustainable sport brand.

Adidas Group (2017c) has published their Sustainability Report since 2001 and they underline Adidas is still the only company in the sporting goods industry which is publishing annually a Sustainability Report. The year 2002 was “*a big year for the environment*”, because Adidas Group launched its *Environmental, Health & Safety Guidelines*, as well as *the Guide to Best Environmental Practice*. These are comprehensive and detailed standards for suppliers on handling, storage and disposal of chemicals, waste water treatment and effluents. “*As part of this, we were the first company in our industry to introduce a ban on six high-risk and hazardous chemicals used in our manufacturing facilities. The guidelines were published and several brands in the apparel and sportswear industry have asked for permission to use our guidelines when dealing with their own suppliers.*”

Adidas (2017a) outsources almost 100% of its production to its suppliers globally. This huge development meant and still means job creation, as apparel and, to a certain extent, footwear production still primarily requires manual work. Adidas Group (2014a) is constantly posting on their blog, the one of the post from June 2014 by Hilde Gunn Vestad, “*Did you know that the adidas Group works on family planning in the supply chain?*” The 80% of the suppliers’ workforce, where Adidas resources, are women in a reproductive age group. As a company, which wants to positively impact the lives of the people, who manufacture our products, they have over the years developed programmes and initiatives which benefit this very specific group: women.

The Adidas Group (2017c) call the year 2007 “*the year of transparency*”, because they voluntarily disclosed their global supplier factory list. In next year 2008 they expanded this auditing programme by focusing on more environmental audits for suppliers. This was based on rigorous environmental audit protocol that includes chemicals management: risk management, handling, use and storage of chemicals. Since 2010, mills and dyehouses were included into audit scope as well, after two years in 2012 nearly 200 environmental audits were conducted, 50 of them at mills and dyehouses. In addition, they launched the Environmental Strategy in 2010, which demonstrated their commitment to environmental sustainability by improving significantly the adidas Group’s environmental footprint.

At Parley Talks on the event of COP21, that the adidas Group and Parley for the Oceans showcased an innovative footwear concept, which is the 3D-printed Ocean Plastic shoe midsole, to demonstrate how the industry can re-think design and contribute to stop ocean plastic pollution. Eric Liedtke, adidas Group Executive Board Member states on YouTube-

video, which is published by them “*We don’t have to do everything, we just have to do our part*” (Adidas Group 2015a).

In 2016 adidas Group is listed fifth among the 'Global 100 Most Sustainable Corporations in the World and is recognized as the leader in its industry. It is the third consecutive year that the Group is included in the Top 10 of the Global 100 Index. (Adidas Group 2017c, Corporate Knights 2016) In April 2016, the adidas Group launches its Sustainability Strategy “*Sport needs a space*”. They say it is based on the company’s core belief that through sport they have the power to change lives. A holistic strategy framework, which is the whole lifecycle of sport, from the spaces where sport is made. All places where products are created, designed, manufactured and shipped. Places where products are sold including own retail, wholesale and e-commerce. Places where those are played, from the indoor court to the outdoor pitch all over the world. The strategy provides their sustainable efforts into tangible goals and measurable objectives until 2020. (Adidas Group 2016a)

Adidas Group (2017c) has a section in their websites’ sustainability part “AWARDS AND RECOGNITION - Feedback and positive recognition is important to us.” There is a long list of different kinds of them. “*In August 2016, the adidas Group was again included in the FTSE4Good Index, which selects companies that demonstrate ongoing commitment to environmental sustainability, strong financial performance, a positive relationship with stakeholders and dedication to upholding and supporting human rights.*” The FTSE4Good Index Series is measuring the performance of companies demonstrating strong Environmental, Social and Governance practices (FTS Russell 2017). “*The adidas Group’s programme is regularly recognised by leading socially responsible investment rating agencies, such as the Dow Jones Sustainability Indices and the FTSE4Good Index.* The adidas Group’s sustainability strategy is rooted in the Group’s values, which are performance, passion, integrity and diversity. It is built on the achievements and learnings from previous years, while considering the societal landscape and future global trends. (Adidas Group 2015a)

3.3.2 The adidas Group marketing environmental sustainability

In 1989 Adidas made decision to ban chlorofluorocarbons (CFC) using for all their products and as well SF6 gases. Although they have not use SF6 gases for their product, because they are saying that they were aware, how adverse impacts those have on the environment. Adidas started their “Sustainable History” from there by replying to wave of environmentalism, which began in the end of the 1980s. (Adidas Group 2017c, European Environmental Bureau 2005, 12;) In 1998 Adidas adopted a comprehensive *Restricted Substances Policy* for product materials, refusing to use chemicals, which could be considered as harmful or toxic. Adidas was the first in the industry, who adopted the policy that was clearly indicated test and pre-treatment methods for restricted substances. In 2000 Adidas was again the first company in active footwear industry, who introduced the new technologies to significantly reduce *volatile organic compounds* (VOCs) in manufacturing by using innovative bonding technologies and water-based cement systems. (Adidas Group 2017c)

“Green Company is the name we give to our environmental programme run at our own sites around the globe. It builds on years of environmental initiatives, drawing them together into a coherent programme.” The vision is to become a zero-emission company by embedding environmental best practice in everything, maximising environmental efficiency gain, furthermore supporting and harnessing people's passion for a greener planet. (Adidas Group 2010)

“Product Sustainability is King.” Adidas produced the most sustainable collection ever for the London 2012 Olympic Games. At the same time, adidas DryDye was launched, which was a new technology to eliminate the need for water and the use of chemicals in the dyeing process. (Adidas Group 2017c) Two years later in June 2014, Peter Waeber, CEO bluesign technologies *“We are very pleased that one of the sustainability leaders in the industry is becoming a bluesign® system partner. We have been working with the adidas Group over the last few months in order to develop an input chemical management strategy and are impressed by their comprehensive programme and expertise. The partnership is going to add value for both organisations.”* (Adidas Group 2014b)

On World Oceans Day in June 2015, adidas Group released the first edition running shoe in partnership with Parley for the Oceans. The adidas Group released only 50 pairs of the iconic

running shoe available worldwide, but people could not just buy them, they had to earn them first. Instagram users were given the chance to win a piece of sportswear history by raising awareness of the cause and uploading a video to show how they implement Parley A.I.R. and pledge to avoid single-use plastic. (Adidas GamePlan A. 2016) *“UltraBOOST Uncaged Parley features a Primeknit upper made from a mix of Ocean Plastic™, created from plastic waste retrieved by Parley coastal interception and clean-up operations in the Maldives (95%), and recycled polyester (5%); with each pair reusing eleven plastic bottles.”* In addition, the laces of shoes as well heel cap base material, heel webbing and lining, the sock-liner cover are also made from recycled materials. The inspiration of the design came from ocean waves, which is reflected well to the shoe’s unique story, and Adidas and Parley’s commitment to end the cycle of pollution in the oceans. (Adidas News Stream 2016)

“Nobody can save the oceans alone. Each of us can play a role in the solution. It’s in the hands of the creative industries to reinvent faulty materials, products, and business models. The consumer can boost the demand for change. But it’s up to eco innovation leaders, like adidas, to make change a reality. With this shoe, we demonstrate what’s possible. It’s even more than a shoe. It’s a flag, an invitation to join our movement.” Cyrill Gutsch, Founder, Parley for the Oceans. (Adidas News Stream 2016)

In November 2016, Adidas launched 7,000 pairs available, but they announced they will make one million pairs of shoes using Parley Ocean Plastic in 2017 and they have ultimate ambition, which is to eliminate virgin plastic from their supply chain. *“World leaders forging an agreement is wonderful, but we shouldn’t need to be told to do the right thing. The industry can’t afford to wait for directions any longer. Together with the network of Parley for the Oceans we have started taking action and creating new sustainable materials and innovations for athletes. The 3D-printed Ocean Plastic shoe midsole stands for how we can set new industry standards if we start questioning the reason to be of what we create. (Parley for the Oceans 2017)”* Recording to this statement also by Eric Liedtke, adidas Group seems to make real difference and to market their efforts.

Adidas Group (2015b) states they are fighting climate change and that is why decided to join the UN Climate Neutral Now initiative in 2015. The idea is to show that many organizations are already acting concretely in this kind of direction. Increase consumers’ awareness about climate change by promoting widely understanding of the need and the opportunities for society to become climate neutral. (Climate neutral now 2017)

Adidas celebrated the Earth Day in April 22nd 2016, by announcing that they will remove plastic shopping bags from its own retail stores, which means they will eliminate approximately 70 million plastic shopping bags across more than 14,000 retail stores globally per year. The switch to paper bags was implemented immediately, with Russia and Kazakhstan following in June 2016. Adidas notes *“Phasing out shopping plastic bags is part of our wider effort to constantly increase the use of more sustainable materials in our production, products and stores, as we recently announced with our newly launched 2020 Sustainability Strategy ‘Sport needs a space’.”* (World Footwear 2016, Adidas Group 2016b) The effort did not end there, they have trained their staff on the importance of taking consumers on this journey with them, like Roland Auschel, Member of the Executive Board said. The staff will ask consumers if they really need a paper bag before we give one away. This is the way to reduce the number of bags we produce as well as minimizing our environmental footprint. *“Helps us to become an even more sustainable company.”* (Adidas Group 2016b)

The adidas Group (2015d) released in December 8th, 2015, that as the founding member, adidas Group supports Parley for the Oceans in its education and communication efforts, as well as its comprehensive *Ocean Plastic Programme (A.I.R., Avoid, Intercept, and Redesign)* that intends to end plastic pollution of the oceans. Since the partnership was announced in April 2015, the adidas Group has made decisions and acted towards that direction. For example, they do not use plastic bottles in their meetings at its Headquarters in Herzogenaurach, Germany anymore. The decision to phasing out plastic bags, in addition the adidas Group will not use plastic microbeads across all their body care products since December 31, 2015.

“Some of our competitors have already announced they will stop selling them as by the end of 2017. But in the context of our Parley partnership it was clear to me that we couldn’t continue offering products with microbeads.” (Adidas GamePlan A 2015)

The adidas’ 2017 target is *“at least 11million bottles retrieved from coastal areas by the Parley Global Clean-up Network and Remote Island Interception operations will be recycled and repurposed into elite performance sportswear.”* That is part of the brands’ larger form of the commitment, the adidas Group aim is to increase the use of more sustainable materials in its products and to make eco-innovation the new industry standard through implementation of the Parley A.I.R. Strategy (Avoid-Intercept-Redesign). (Adidas News Stream 2016)

“Nobody can save the oceans alone. Each of us can play a role in the solution. It’s in the hands of the creative industries to reinvent faulty materials, products, and business models. The consumer can boost the demand for change. But it’s up to eco innovation leaders, like adidas, to make change a reality. With this shoe we demonstrate what’s possible. It’s even more than a shoe. It’s a flag, an invitation to join our movement.” Cyrill Gutsch, Founder, Parley for the Oceans. (Adidas News Stream 2016)

4. DISCUSSION AND CONCLUSIONS

How do the companies market their environmental sustainability?

According to Kotler and Keller (2012, 5), it is not only about physical product, because marketers market ten main types of entities: goods, services, events, experiences, persons, places, properties, organizations, information, and ideas. Case companies Nike, Asics and Adidas are green marketing mainly greenness by products, events, persons, organizations, information and ideas.

Table 2. Primary Marketing Mix Tools with Green Strategy in Case Companies

	Product	Price	Place	Promotion
Nike	x	x		x
Asics	x	x		x
Adidas	x	x	x	x

Nike says the one of the most profound transformations is in how their products are made. They call it a manufacturing revolution, which has started because of their customers’ rising expectations. Today environmental sustainability is one of the major issues in companies’ strategy, innovations and marketing decisions (Dangelico, Pontradolfo and Pujari, 2013, 642). Case companies Nike, Asics and Adidas are marketing their environmental sustainability by publishing their Sustainability Report annually or less often. Adidas has published their Sustainability Report since 2001 and they underline they are still the only company in the sporting goods industry which is publishing annually a Sustainability Report. Adidas is posting

about their ecological innovations widely by their website, platform for the news, YouTube and their own blog. *“Adidas created GamePlan-A.com, a digital hub that promotes tackling work life with an athlete’s heart, be it at the adidas Group or anywhere else. Our very own colleagues, partners, athletes and role models will share their experiences of a sport-infused work life for those who are driven by sport.”*

Case companies are marketing their Green programmes and Green strategies, which are usually part of the Sustainability strategies. Adidas for example has *Green Company* environmental programme, which is running at their own states globally. They are also promoting their achievements on their websites impressively and there is also own part for their “sustainability history,” where is the timeline about all their developments for environmental sustainability. Statements like *“Product Sustainability is King”* are examples of marketing greenness by ideas. Adidas produced the most sustainable collection ever for the London 2012 Olympic Games. At the same time, adidas DryDye was launched, which was a new technology to eliminate the need for water and the use of chemicals in the dyeing process. This is example of green marketing by using the combination of event, idea and product.

For the long-run the meaning of sustainable development will be integrated as well as it’ll be based on human life and the world we live in (Giddings et al., 2002). Asics states that their vision has been to *“Create Quality Lifestyle through Intelligent Sport Technology.”* The mission is providing goods and services as well as to promote healthy and fulfilling lifestyles through the world. Marketing better lifestyle, which continues to ide of better world.

Every company is marketing their partnerships to become more environmental sustainable. *“Developing a new palette of sustainable materials will be the one of the keys to their success. That’s why Nike is innovating with others, such as the Sustainable Apparel Coalition and LAUNCH – a partnership with NASA, the U.S. Agency for International Development and the U.S. Department of State. “Adidas has also several partnerships for example Parley for the Ocean and Asics is for example founding member in Sustainable Apparel Coalition (SAC).*

Nike is doing green marketing by information on their website *“climate change is a global issue that requires global solutions. Resource scarcity, fluctuations in the prices of raw materials and disruptions to supply chains are real concerns for business.”* Nike is informing consumers by visualizing informative statements about how important is to invest in environmental disruptive innovations.

Adidas was the first in running shoe industry in 2016, who launched the first mass production running shoe, which is made from Parley Ocean Plastic. Before that on World Oceans Day in June 2015, the adidas Group released only 50 pairs of the iconic running shoe made in partnership with Parley for the Oceans. People could not buy them, they had to earn them first. *Instagram users were given the chance to win a piece of sportswear history by raising awareness of the cause and uploading a video to show how they implement Parley A.I.R. and pledge to avoid single-use plastic.* This action was combination of green marketing by partnership, event, idea, information and product. Adidas was engaging customers to the green idea, when they asked them to earn those iconic shoes. People, who posted those videos in their Instagram, were marketing environmentally friendly decisions by word of mouth (WOM).

Polonsky (1994a) categorized the green marketing into two business models, the first model one is to provide environment-friendly products and services, and the second one focus on develop activities related to environmental protection. Nike, Asics and Adidas are doing green marketing by using both business models widely. Although Adidas is the most visible and active to market their greener products as well develop innovative ways to protect environment by informing consumers, stakeholders and creating partnerships for better tomorrow.

What kind of marketing strategies are companies using in green marketing?

According to Ginsberg and Bloom theory of the Green marketing strategies, study presents results, that green marketing and green values in running shoe industry has changed during the last decade.

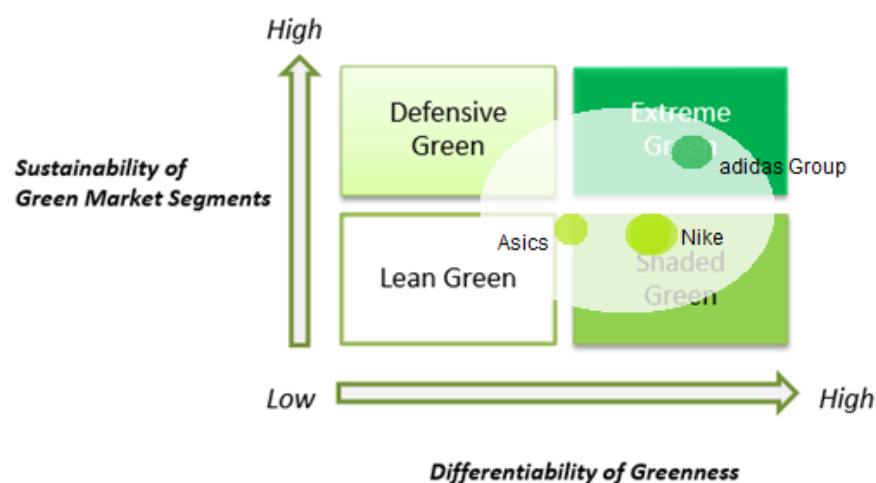


Figure 5. Green Marketing Strategies of Case Companies

Nike

Kotler and Keller stated Nike made an effort to produce more eco-friendly product and be more eco-friendly in 2006, but they do not want to promote its efforts, because they are known about winning. Nike executives agreed that promoting their eco-friendliness would distract from its slick high-tech image, so efforts like recycling old shoes into new shoes were kept quiet. (Kotler and Keller, 2006, 30) Today Nike is still about winning, but they have realized that consumers are more aware about eco-friendliness and they are asking for it. Nike is marketing their greenness and sustainability, they are saying it is “*game changer.*”

According to Green marketing mix, they are not marketing their greenness everywhere, it is focused on “sustainability part” in their website and promoting Flyknit-product line. They have clear targets to be more environmentally sustainable, but they are saying “If all we do is create a single line of green products, we will have failed. Sustainability must be a design ethos across all our products.” Like Adidas has done, totally green product line. Nike seems to be more ***Shaded Green*** than *Extreme Green*, because they see that there is an opportunity to develop a competitive advantage by greenness in terms of innovative needs-satisfying products and technologies, like they stated. Difference between Shaded and Extreme Greens is Place from Green marketing mix, Nike is basically selling their running shoes for everyone everywhere.

Asics

Asics is saying that “*Promote improved awareness of environmental issues and implementation of best practices to ASICS’ directors, employees and Business Partners. Ensure effective communication and engagement with customers, consumers, suppliers, and other stakeholders through disclosure of information regarding our environmental activities and performance.*”

Asics is emphasizing, that they have understood the importance of social media, they have noticed that customers are more critical and aware about environmental and ethical sustainability mostly because of the power of the social media.

“*Through our products and services, we aim to contribute to a healthy society. By integrating sustainability into every aspect of our business, we seek not only to create value for our customers and shareholders, but also for the world around us.*” Asics seems to be sustainable company in every level, when you read their Sustainability Report, but you really have to read their report to get that image. Because of the fact, it is challenging to find answers considering

Asics environmental sustainability from their website. They are using many headlines with pictures under *CSR & SUSTAINABILITY*, but it is not that informative from the first sight. You have to open each section to get information. That seems more general marketing issue than greenwashing. According to the base of green marketing is to understand, what is marketing. For example, the definition by The American Marketing Association is *“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”*

Green marketing strategy in Asics is more ***Shaded Green*** than *Defensive Green* after analyzing more the data. First their green marketing strategy seemed to be more as a precautionary measure, to respond to a crisis or reaction to a competitor’s actions. In addition, it can be also building better brand image and reducing possible damage, but it is not only purpose for Asics. Asics is not marketing strongly their greenness, but clearly they aim to take account greenness in their supply chain. For example they listed on Dow Jones Sustainability Asia/Pacific Index 2016. *“We believe that this reflects our progress on priority sustainability topics, in collaboration with our supply chain partners and other stakeholders. Our efforts will continue as we focus on delivering on our 2020 Sustainability Strategy which supports the ASICS Growth Plan (AGP) 2020”* Asics is developing their supply chain by LCA and researching more ecological ways to produce products and services.

Adidas

The adidas Groups have achieved many awards because of their efforts to be sustainable company. They are not just producing green products, they are trying to increase consumers’ awareness about climate change by promoting widely understanding of the need and the opportunities for society to become climate neutral. In 2016, they removed plastic shopping bags from its own retail stores, which means they will eliminate approximately 70 million plastic shopping bags across more than 14,000 retail stores globally. The staff will give customers paper back today, but they are trained to ask consumers if they really need a paper bag before they give one away. *“This is the way to reduce the number of bags we produce as well as minimizing our environmental footprint. Helps us to become an even more sustainable company.”*

On World Oceans Day in June 2015, adidas Group released the first edition running shoe in partnership with Parley for the Oceans. The adidas Group released only 50 pairs of the iconic running shoes available worldwide, every pair of shoes were *reusing eleven plastic bottles*. But

people could not just buy them, they had to earn them first. Instagram users were given the chance to win a piece of sportswear history by raising awareness of the cause and uploading a video to show how they implement Parley A.I.R. and pledge to avoid single-use plastic.

There is the point for the last P of the Green marketing mix, *Place*. Adidas is considering the way and place to sell these Green Products to increase awareness of the consumers. The adidas Group is promoting greenness on their website, but they are also posting on their blog, furthermore they are using YouTube-channel, Instagram. In addition, Adidas has achieved several sustainability awards and they are promoting them strongly through their marketing channels. The adidas Groups is really trying really to make a difference and they are not alone, they have partners like Parley for the Oceans.

Shaded Greens see that there is an opportunity to develop a competitive advantage by greenness in terms of innovative needs-satisfying products and technologies. After analyzing all available data about environmental sustainability in Adidas, all those ecological achievements and for example *Green Company programme* indicates them to have ***Extreme Green*** marketing strategy. They are building holistic philosophies and values; environmental issues are totally integrated into the business model and product life cycle process in Adidas.

How have the running shoes become more ecological than before?

According to Cramer and Karabell (2010) principles of sustainable excellence Nike, Asics and Adidas really are using sustainability as a driver to innovations, they have found environmental friendly materials by trying to minimize their environmental footprint. All them are focusing on energy, chemistry, water and waste, furthermore they want to understand their environmental impacts of their value chain and identify their environmental strategies. One of the common tool is Life Cycle Assessment (LCA), which provides quantified results for companies, which help them to understand better the various impacts through their products' value chains. The importance of supplier transparency and accountability of their practices are increasingly included.

Technology is the key to produce running shoes from durable and recycled materials. Partnerships like Adidas and Parley of the Oceans have made possible to produce running shoes, utilizing recycled plastic from oceans. Running shoe manufactures have adopt several policies to their production, for example decisions to adopt a comprehensive *Restricted*

Substances Policy for product materials, which is refusing to use chemicals, which could be considered as harmful or toxic. 3D-printing is becoming increasingly common tool in production, it is rewriting the rules of performance engineering and manufacturing. It is going to increase efficiency, customization and it is the key to minimizing waste.

Concerning validity of the research, there are some principles for it. According to Eskola and Suoranta (2008, 211-213) validity can be divided in internal and external validity. Internal validity is about symmetry between theoretical and research approach. External validity means alignment between theoretical part, conclusions and results of the study. The research is reliable, if there aren't any contradictory aspects in the study. The credibility of the study might be seen as the criteria of reliability, which is involving the alignment between researcher's own opinions, the data collection and the results of the research.

This study is a qualitative multi case study, it may be generalized, because summarized the market share of the companies is remarkable. To improve the creditability of the results, interviews from the companies as secondary data would have given more deeply insight for the subject. Thus, the data from companies' network and sustainability reports may let the opinions of researcher affect to the results.

This study gave some ideas for further research. Firstly, the importance of environmental sustainability for running shoe customer could be tested by survey. Secondly, the linkage between competition advantage and green marketing could be tested in running shoe industry.

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