Article

Building Sustainability into Services Marketing: Expanding Decision-Making from a Mix to a Matrix

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Abstract: The purpose of this study is to develop a framework that will provide the services marketing manager a systematic, holistic and transparent means of enhancing sustainability performance through the marketing function. We review the literature dealing with the confluence of services marketing and sustainability, identify gaps in current sustainability-services marketing literature and inductively develop a conceptual framework for Sustainability Services Marketing (SSM). We describe services marketing practice examples in order to uncover the implications of a sustainability focus for services marketing and illustrate how to operationalise the framework. The resulting framework, (i) ensures that sustainability is incorporated into the strategic services marketing planning process, (ii) adapts and expands the traditional concept of the services marketing mix, by adding Partnerships to the traditional mix elements, and (iii) cross-references services marketing mix decision-making with the triple bottom line to describe the marketing task in terms of a matrix rather than a mix. This permits sustainability benchmarking and planning across the triple bottom line, and across the range of activities the services marketing manager might be expected to manage in order to enhance sustainability performance. We shift services marketing management attention to a broader and more sustainability-responsible whole-of-business approach. This research provides timely and effective guidance for the services marketing manager seeking to enhance his or her business’s sustainability performance in a systematic, holistic, and transparent way.

Keywords: services marketing; sustainability; triple bottom line; partnerships

1. Introduction

Over the past 10 years or so, there has been an increase in interest among marketing scholars in the concept of “sustainability marketing”. Textbooks have appeared [1,2] and a number of journal articles have focused on the relationship between sustainability and marketing [3–6]. However, most of this work is, at least implicitly, about sustainable “physical products”, and not services, which make up the bulk of economic activity in modern societies. An exception is the paper by van der Zwan and Bhamra [7], who explicitly examine the relationship between services marketing and sustainable development. In our paper, we expand on the relationship between services marketing and sustainability by proposing the merging of the 7Ps of the services marketing mix [8] with the triple bottom line [9]. We, in fact, add to the original 7Ps of the services marketing mix an eighth P suggested by Pomering [6], namely Partnerships. We relate these two ideas by forming what we term the Sustainability Services Marketing Matrix (SSMM), an 8 by 3 matrix containing 24 cells denoting the crossing of the 8Ps with the three elements of the triple bottom line of sustainability. In the remainder
of this paper, we provide a description of the potential use of this matrix by marketing managers in service businesses.

Van der Zwan and Bhamra [7] focused on eco-efficient services, that is, services either related to products or substituting products, concluding that the frameworks of the services marketing discipline might assist the development of such services. This approach has not resolved the fundamental issue of how services marketing managers might improve the organisation’s sustainability performance of the full range of marketing activities. For a marketing manager wishing to engage with the pillars of sustainable development in a systematic manner across the marketing function, there is simply scant guidance for how to go about this [10]. For services marketing contexts, this is equally important, if not more so, and presents a gap in current theory and managerial practice.

From the business perspective, this value for society at large is generally referred to as “sustainable development”. The need for sustainable development, built upon more responsible production and consumption, was recognised by the Brundtland Commission of 1987 [11]. On the production side, however, a sustainability-oriented focus across corporate functions is rare, and decreasing, according to a recent survey of sustainability executives from Business for Social Responsibility (BSR) member companies [12]. This is despite evidence that a greater alignment between business and societal objectives can improve profitability [13,14], and sustainability-led innovation can enhance the triple bottom line (TBL), improving the environment and society while simultaneously driving long-term profitability [11].

The purpose of this paper is to address this services marketing gap. We make an important contribution to the services marketing literature by inductively developing a conceptual framework for Sustainability Services Marketing (SSM). A key to this SSM framework is the inclusion of sustainability considerations at each level of the strategic marketing planning process. We assume that what is mentioned will be measured and managed, and, conversely, what is not mentioned will be ignored. With sustainability included in the organisational mission and strategic goals, SSM then broadens the services marketing manager’s decision-making capabilities in order to effect sustainability at the operational level. This is achieved by, first, recognising the need for internal and external sustainability collaboration, and addressed by expanding the notion of the services marketing mix with the addition of Partnerships. Second, the services marketing mix, now with its 8 Ps, is cross-referenced with the TBL’s three pillars of “Planet, People, and Profit”. The result, which guides the services marketing manager at the operational level, is now the proposed Sustainability Services Marketing Matrix (SSMM).

We illustrate how this framework might be applied in practice with examples of service firms’ sustainability-oriented decision-making in areas specified by the operational matrix. In addition to expanding the services marketing mix, with Partnerships, our contribution is three-fold. First, while there have been calls for marketing to consider the environmental aspect of sustainability, the social pillar warrants equal attention. We contribute to narrowing this theory gap by including both the ecological and social sustainability pillars into a framework for services marketing, the SSMM.

Second, the SSMM provides a sustainability audit tool for measuring current sustainability efforts. Finally, the SSMM also assists the organisation’s sustainability performance being planned in a systematic, holistic, and transparent manner across and coordinated with the service firm’s operations, achieving strategic sustainability goals and objectives and providing enhanced value to customers, the firm, and society at large. We argue that these contributions are important as the production of services, just like products, has the potential to promote negative environmental and social externalities, and these externalities are not formally considered within extant services marketing frameworks and concepts.

The paper proceeds as follows. In the next section we introduce the idea of sustainability in services. We then develop our strategic SSM approach, a key component of which is the SSMM. We then describe how each of the Eight Ps of the services marketing mix can be implemented with the three pillars of sustainability in mind. We also provide case examples of how service firms
are enhancing their sustainability performance across various marketing areas in order to highlight the possibility of a holistic framework such as we are proposing. We conclude with mention of limitations and suggestions for further research. It should be noted that we use the terms sustainability and sustainable development interchangeably, and, in keeping with Belz and Peattie [1], prefer the use of the term sustainability marketing to sustainable marketing, as while the latter can relate to marketing activities that engender long-lasting customer relationships or business longevity without any particular reference to sustainability issues—the former explicitly relates to the sustainable development agenda. We conclude with a brief discussion and suggestions for further research.

2. Sustainability in Services

Services may be defined as “any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product” [15]. All services, irrespective of their level of tangibility [16], involve processes that produce environmental and social externalities, and therefore provide opportunities for environmental and social improvements, leading to long-term financial benefits and creating value for society at large. Yet, while businesses today face increasing regulatory and other stakeholder demands, including employees, investors, lenders, communities and customers, to reduce their negative environmental and social externalities, most companies are not managing for sustainability. Business managers struggle with aligning corporate and customer objectives with broader environmental and societal goals. Even when sustainability’s importance is acknowledged as a priority by firms, with executives believing that it is important to a variety of corporate activities, companies are not taking a proactive approach to sustainability management [17,18].

One reason advanced for this lack of proactivity in addressing sustainability, in spite of heightened stakeholder concerns, is the lack of a clear definition of the sustainability concept [18]. It has also been argued that mainstream marketing management theory, research and practice offers little to equip companies and their managers to deal with sustainability expectations that are the rule rather than the exception [10]. Given this context, it is likely that managers, including services marketing managers, may be unsure of how to make a business case for a proactive sustainability approach to senior management. Marketing’s extant theories and frameworks, with their orientation towards individual consumers and focus on dyadic exchanges, might be viewed, at best, as legacy approaches to operationalising sustainability across the management functions.

The effects of this conceptual confusion can be seen in how service firms have missed opportunities to systematically pursue sustainability across the breadth of the activity areas of the services marketing mix. In January 2015, after both Qantas and Virgin Australia announced that, due to lower wholesale oil prices, fuel surcharges would be dropped on international route tickets but that general airfares would not be dropping in price, it was announced that the two airlines would be investigated by the Australian Competition and Consumer Commission (ACCC) [19]. This opportunity to make carbon-offsetting an integral part of airfares, reflecting an environmental full-cost accounting approach, was missed. Instead, the airlines risk a consumer backlash for not passing on the benefits of the cost-saving windfall and the potential negative ramifications if found by the ACCC to have engaged in deceptive and misleading conduct. Walmart has also received criticism for socially irresponsible behaviour, for example, being accused by a federal agency of violating worker rights in 2014 [20] and denying a minimum wage, requiring overtime, and punishing union activity in five countries [21].

What services marketing managers need to do is to manage in a way that delivers TBL benefits in a systematic, holistic and transparent way that will not inspire cynicism toward their firms’ sustainability motivations or scepticism toward performance claims, with corresponding accusations of “green-washing”. A proactive sustainability performance is argued to: increase profitability; provide a point of differentiation and innovation around sustainability; and deliver first-mover advantage [13]. Business executives favour sustainability’s contribution to corporate reputation building and risk management [18]. Given sustainability’s acknowledged benefits, it is surprising
that it is not accorded a higher strategic priority. McKinsey & Company [18] found that just over six per cent of executives viewed sustainability as a top-three priority in their CEOs’ agendas, that it was formally embedded in everyday business practices, and that their companies were “extremely” or “very effective” at managing it. Absent higher levels of sustainability in the marketing function, higher levels of responsible consumption are unlikely.

The case examples we cite highlight that value creation through service delivery might be enhanced through greater sustainability performance. A proactive approach to sustainability is important for addressing stakeholder concerns and positioning a firm as responsible, and concerned with not only delivering value to individual consumers but to society at large. The proposed SSM framework provides service marketing managers clear guidance for achieving sustainability proactively.

3. The Sustainability Services Marketing (SSM) Framework

We take an inductive approach to the development of the proposed SSM framework, intuitively working from the position that sustainability must be on the service firm’s agenda at each step of the strategic planning process; an omission from any one step will prevent its consideration in those steps to follow. Bridges and Wilhelm ([22], p. 34) argue that marketing education in relation to sustainability requires a “consideration of environmental and social issues in all elements of marketing strategy planning, from objective setting to target market selection to strategic and tactical decisions regarding each of the marketing mix variables”. Through the strategic planning process, value for consumers, the organisation and, importantly, for society at large is created. Our SSM framework therefore proposes that sustainability should initially be a consideration in the service firm’s vision and/or mission [23] in order to signal that it is an important strategic issue and what it wants to achieve in the larger environment.

In an agenda-setting paper that followed an 18-month effort to identify and articulate a set of global, interdisciplinary research priorities focused on the science of service, Ostrom and her colleagues [24] identified 10 overarching research priorities, including improving well-being through transformative service. Sustainability-related sub-themes of this research priority were improving consumer and societal welfare through service, the need to deliver service in a sustainable manner (i.e., one that preserves health, society, and the environment), and motivating the development and adoption of green technologies and related services. Within this paper, Sinha (a marketing professor with a strong interest in sustainability invited to comment with the paper) observed that the dominant focus of extant research around services and environmental solutions has centred on “integrating services into production and consumption decisions to reduce their environmental impact” ([24], p. 11), with sustainability’s social and behavioural aspects omitted from these technical and economic discussions.

Research in delivering service in a sustainable manner clearly requires a triple bottom line approach. With this in mind, Sinha identified furthering our understanding of the optimal combination of expanded marketing-mix elements as a fruitful future research theme to enhance the “acceptance of services that replace products as a primary mechanism for meeting consumer needs” ([24], p. 11). However, the conditions for meeting the needs of society at large should also be part of this research. We now turn to how this can be achieved by reviewing the services marketing mix.

4. The Services Marketing Mix

Current services marketing frameworks are silent in regard to sustainability and sustainable development. Instead, the term “sustainable” tends to be used to imply “ongoing”, for example, in regard to a “sustainable competitive advantage” [25]. To date, there appears to have been little change to Booms and Bitner’s [8] expanded marketing mix, other than Lovelock and Wright’s [26] inclusion of an eighth P, “productivity and quality”, with its focus on cost reduction and the need to be
mindful of the trade-off between incremental costs and incremental revenues when initiating service quality improvements.

The services marketing mix has accounted for how the service offering is produced, priced, distributed, promoted, and how its participants (that is, the organisation’s personnel and its customers), processes, and physical surroundings are managed [8]. However, as the services marketing mix decisions produce value, they can also simultaneously create harm [13,27]. The SSM framework proposed here assists the services marketing manager in minimizing the impacts of his or her service harm chain [27], which should coincidentally create value for the service organisation and society at large (e.g., via reduced operating costs), and also potentially increase value for customers.

In a services marketing framework designed to create value for individual consumers, the organisation, and society at large, the operational decision-making must take into consideration and propose value for each of these actors. The logical way to achieve this, after articulating sustainability at each planning stage, in line with the recommendation of Bridges and Wilhelm [22], is by referring each of the services marketing mix elements to the three pillars of the TBL. As a result, services marketing will be coordinated based on a matrix of considerations, with each marketing mix element required to account for its interactions with and impacts on Planet, People, and (long-term) Profitability. The matrix cells should address how each marketing element (a) makes optimal use of environmental resources that constitute a key element in the business’s development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity (Planet); (b) respects the socio-cultural fabric of communities, conserving their built and living cultural heritage and traditional values, and contributes to inter-personal understanding and tolerance (People); and (c) ensures viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to communities, contributing to the development of communities’ social capacity (Profitability).

5. Sustainability Shortcomings of the Status Quo

The Seven Ps of the services marketing mix (a) do not stress the need for consideration of the sustainability impacts of marketing decisions, (b) do not provide the manager clear guidance on how a service firm might alter the way things are done in an effort to address the sustainable development challenge, (c) do not review the way harm is created as a by-product of value creation along the service delivery supply chain, (d) do not ensure that services are designed, delivered and promoted with optimal resource use and minimal negative externalities affecting social and physical environments, (e) do not ensure that service delivery pricing is based on environmental full-cost accounting, and (f) do not provide the basis for a narrative to communicate to stakeholders as to how the firm is responding to the sustainable development challenge.

These challenges can be addressed through the SSMM, where the service’s product, price, promotion, place, participants (note: participants, which was originally used by Booms and Bitner [8], is used to avoid confusion with People in the TBL), process, and physical evidence are cross-referenced with the three pillars of the TBL. Absent from this framework, however, is the recognition that one service organisation is unlikely to be able to develop optimal sustainability solutions to all its environmental and social challenges, and will need to cooperate with other agencies to achieve this end. Therefore, gaps in the framework to this point are that it (i) does not escalate the importance of collaborating with other institutional actors to achieve key sustainability performance indicators and (ii) does not ensure that employees, customers and other stakeholders are included in and encouraged to support the firm’s drive toward greater sustainability. We address these gaps by expanding on the generally accepted services marketing mix. To the seven elements, we argue that it is critically important for the service firm’s sustainability performance to include an eighth “P” element, Partnerships [6].

Many of the issues involved in moving from an unsustainable “business as usual” approach to achieving greater sustainability performance across all areas of service operations necessitate
collaborations with external actors, often within networks, perhaps even with actors traditionally viewed as competitors, in coopetition. Partnerships might also be conceptualised as involving internal as well as external actors. Employees and customers, for example, might be primarily considered as participants, but might be moved along a brand-support continuum from mere compliance with the firm’s requests or requirements. Hotel requests for guests to re-use bath towels and obviate the need for daily laundering, requests to proactively support a firm’s sustainability initiatives, by, for example, recommending the firm to members of one’s social network on social media, or the requirement to travel to an event by public transport rather than private vehicle, are examples.

6. The Sustainability Services Marketing Matrix (SSMM)

These, now eight, “services marketing mix” elements cross-reference the three pillars of the TBL to provide a sustainability-relevant services marketing framework for operationalising sustainability as part of SSM, which we refer to as the SSMM, as in Table 1. In the SSMM, the questions of how each of the eight services marketing decision areas interact with the three elements of the TBL is shown. We will elaborate on the marketing mix elements in Table 1, as their interpretations might vary when considered in the sustainability context, and we add service firm examples across a range of sectors to illustrate how the framework might be applied in practice.

Table 1. The Sustainability Services Marketing Matrix (SSMM).

|                | Product | Price | Promotion | Place | Participants | Process | Physical Evidence | Partnerships |
|----------------|---------|-------|-----------|-------|--------------|---------|-------------------|--------------|
| Planet         | Service product impact on Planet | Pricing impact on Planet | Promotion impact on Planet | Place impact on Planet | Participants impact on Planet | Process impact on Planet | PE impact on Planet | Partnership impact on Planet |
| People         | Service product impact on People | Pricing impact on People | Promotion impact on People | Place impact on People | Participants impact on People | Process impact on People | PE impact on People | Partnership impact on People |
| Profit         | Service product impact on long-term Profitability | Pricing impact on long-term Profitability | Promotion impact on long-term Profitability | Place impact on long-term Profitability | Participants impact on long-term Profitability | Process impact on long-term Profitability | PE impact on long-term Profitability | Partnership impact on long-term Profitability |

**Product**: The firm’s service offering, and its environmental and social footprint, will vary across service sectors and service type classifications, for example, its level of tangibility. As one example of how the service product can be more environmentally sustainable, consider Pinehurst No. 2 golf course, which hosted the 2014 US Open. During a restoration of the course, around 40 acres of Bermuda grass was removed, allowing the course to use roughly 40% of the water it did previously, the need to mow less grass, and use less fertiliser. The course also uses moisture meters, allowing it to further save on water usage when it is not required [28]. This is an example of how the marketing mix element of product save resources (Planet). In other service contexts, the service could be delivered digitally (as is increasingly common). This not only saves resources but simplifies purchase for people, and also can be more profitable (People and Profit). The use of technology to deliver services is part of what Kotler et al term Marketing 4.0 [29].

**Price**: The cost to the consumer for the firm’s service may not include the cost to the environment or society at large of impacts of the service delivery. Often, the cost to public goods is simply not factored into the firm’s cost calculation or a price that does include the costs of negative externalities might be offered to consumers on a voluntary opt-in basis. Voluntary carbon-offsetting by aviation passengers is an example of airlines attempting to mitigate the environmental damage of their operations by off-loading the responsibility and cost to passengers, but if not taken up, as is more often the case, this negative externality simply goes unchecked. Environmental full cost accounting, a method of accounting that recognises the direct and indirect economic, environmental, health and social costs of an action, would capture the cost of aviation’s carbon footprint, and help provide certainty in efforts
to mitigate environmental degradation. The EU’s controversial plan to include aviation in Europe’s emission trading scheme demonstrates a regulatory approach to address airlines’ pricing shortfalls [30].

Service pricing must address the business’s tangible and intangible costs. While tangible costs, the expected and quantifiable costs of running a business, can usually be calculated in advance, such as labour and materials, intangible costs, such as a drop in productivity, perhaps due to a drop in employee morale, and often linked to customer dissatisfaction with a decline in service quality, or a or a loss of reputational capital with key stakeholders, are harder to measure but are equally critical to the service business. Services are often labour-intensive, and recent research findings from Korea’s manufacturing sector support the thesis that sustainability innovation can have a positive effect on labour productivity, reducing intangible costs [31].

The sustainability-driven business should be able to reduce both types of costs through careful management of the SSMM. An understanding of the importance of intangible costs and their impacts on organisational productivity is reflected in evolving approaches to intangible resources, such as that proposed by the Society for Knowledge Economics (SKE) [32]. The SKE has proposed a tripartite model comprising relational, structural and human capital, to conceptualise and summarise the new factors of economic production in the knowledge economy. The model acknowledges the interconnectedness of organisational management and the environment within which organisations operate, and takes into consideration the “intangible costs and benefits that flow to the broader community, economy and environment, as a result of organisational performance” ([32], p. 7).

Promotion: The mix of marketing communication methods might move away from print and toward electronic, and/or ensure that brand messages are transparent and ethical, and demonstrate respect for community members. Hence, digital promotion can reduce resource use along with being more user friendly in that it is more available electronically. This type of promotion can also be more profitable in the long-run.

Place: The distribution or delivery systems of service firms are changing, often disruptively so, as illustrated by the internet’s impact on information, education and entertainment services (e.g., MOOCs offering alternatives to physical presence, and digitally-available music recordings and films). This means potentially large savings in terms of resource use as well as convenience to customers and higher long-term profits for organisations.

Process: The procedures and flow of activities that describe how the service is assembled and delivered, offers considerable scope for sustainability improvement, often with immediate effect. One example is Duke Energy’s use of a sustainability filter to revise its method of starting up a natural-gas fired combustion turbine plant, saving fuel use, time and carbon emissions, and resulting in the development of a new start-up calculator that improved efficiency and saved $2 m in just six months at one turbine station [33]. IKEA’s early 2014 purchase of the Hoopesetown wind farm, able to generate nearly 1.5 times the energy needed to operate all of the store’s US operations, will reduce its carbon footprint as it does business [34]. Facebook, Google, and WalMart are also investing heavily in renewable energy [34]. So service delivery process improvements can reduce resource use, improve customer experience and increase profits.

Physical Evidence: The tangible clues that assist consumers’ evaluations of products include elements of the servicescape, such as design and furnishing, employee appearance and communications. WalMart, the world’s largest retailer, is striving for 100% renewable energy to power its operations, and planned to generate solar energy at more than 130 of its Californian stores by 2012. The installation of photovoltaic cells on WalMart rooftops is a clear signal to stakeholders of the store’s renewable energy drive [35]. San Francisco’s quest to have zero waste by 2020 is a process change that will have an impact on the city’s physical evidence [36]. The use of digitalization of services also changes the physical evidence component of services. Website design is now critical. In general, appropriate service delivery design can signal sustainability to the firm’s customers as well as to other stakeholders (e.g., employees, owners).
Participants: (Used instead of people, as it was the term originally used by Booms and Bitner and it avoids confusion with the “People” pillar of the TBL) that is, the firm’s employees and customers in the service environment, play a part in service delivery and influence buyer perceptions [37]. Participants highlights the role of both human resource and customer management, as key ingredients in service delivery. Employees should be committed to the sustainability ethos, and could contribute to innovation processes aimed at continuous sustainability performance improvement. Customers would be expected to participate in the firm’s pursuit of a more sustainable performance, but also, as might employees, become ambassadors for the brand or transfer learned sustainability practices to their daily lives. Customers might become service-logic innovators to capitalise on innovation as part of an overall firm strategy [38]. Open-source software development provides a model for how customer involvement might drive enhanced sustainability achievement. Well-managed employee and customer suggestion systems offer a similar opportunity. The concept of participants is also important from the perspective of service-dominant logic [39,40], as the focus of service interactions is shifted from value-in-exchange to value co-creation.

Partnerships: For business, environmental issues are typically the province of outsiders and specialists [41]. External expertise could be needed for services marketing managers to subject their decisions to life-cycle analysis, a scientific management tool for clarifying the inputs and outputs of processes and their effects on the environment [42], and for sustainability-service innovation. Partnerships will significantly influence process, as well as the service product, and draws on recent advances in service science and bring a systems view to service design that draws on ideas from service management, design and engineering [43,44]. Collaboration with sustainability-enablers will be necessary to depart from “business as usual”. “Trailblazing” banks are supporting renewable energy projects with significant funding in order to stimulate meaningful volumes in the marketplace [45]. Harvard University Graduate School of Design’s 2012 joint launch of “Envision”, a holistic framework for evaluating and rating the community, environmental, and economic benefits of all types and sizes of infrastructure projects helps ensure that civil engineers and planners do not miss opportunities to make a project more sustainable [46]. Sustainability mavens often serve as beacons to others keen to follow suit: SAP extending free sustainability lessons to other businesses, based on its own experience, is one example [47]. Service firms also benefit from third-party partners’ endorsements, for example, Rainforest Alliance, White Swan, and Fair Trade.

7. Discussion

Services marketing managers require a far more detailed consideration of sustainability issues as they interact with operational decisions. Services are typically described as being intangible in nature, however, the processes involved in creating and delivering these intangible acts, whether in-person or via technologies, have an environmental, and potentially social, footprint. Our inductive framework is designed to deliver transparency, positive brand attitudes, and stakeholder engagement. The examples provided illustrate just a few of the myriad ways services marketing managers might embrace sustainability across the SSMM, building upon our extended marketing mix that now includes the important element of Partnerships.

Consumers and other stakeholders increasingly now look to business to be more pro-social and pro-environmental, and demonstrate these attributes in tangible, evidence-based, holistic ways. For example, the 2017 Cone Communications CSR study [48] found four out of five United States citizens expect businesses to continue improving their CSR efforts, and more than three out of five are hopeful that business will take the lead in driving social and environmental change. The same study found that seven in ten citizens expect companies to address issues that not only impact their operations, but also tackle broader societal challenges [48]. Sustainability offers firms the opportunity for differentiation from competitors, a competitive advantage based on innovation, and increased profits [13], but it needs to be systematic, evidence-based and transparent. The services
marketing planning framework proposed here, a key part of which is the SSMM, will help firms more systematically achieve these conditions.

Sustainability offers service firms both challenges and opportunities. To date, services marketing frameworks have provided little in the way of guidance for managers to move to a triadic conceptualisation for the management and marketing of services, and include value creation for society at large as a consideration in decision-making. The strategic planning approach proposed here goes some way to addressing this gap. The examples we have provided above support the claim that services firms can strive for enhanced sustainability performance across the range of the marketing mix elements, but optimal results are more likely to be achieved if the firm seeks to address gaps in its sustainability competencies by leveraging the appropriate expertise of others in its networks. This leverage can enhance the organisation’s human, structural and relational capital [32]. We argue that leveraging network collaborators should be added to the sustainability marketing mix as an eighth element, as few organisations are likely to have the requisite sustainability expertise to achieve optimal results across all elements of the marketing mix, which we propose under the heading of Partnerships. At Interface, the late Ray Anderson [49] acknowledged that following a business-as-usual for two decades of carpet tile manufacturing, “the single most important person in our company has been the customer”, and when, in 1994, some customers started asking what the company was doing for the environment, this was a question that needed an answer. In order to frame a response, Anderson set up an environmental task force that brought together representatives from all of the company’s divisions. This was a form of internal partnership. The following year, Interface formally created the Eco Dream Team, which “included many of the world’s most progressive thinkers on sustainability and represented a wide range of environmental and social interests”. This was a form of external partnership. But external partnerships also extended to customers. As Interface increased its focus on recycling, interactions with customers migrated more towards a service-dominant logic [40], substituting outright ownership with a rented carpet service experience, complete with ongoing maintenance support and removal for recycling at the end of the carpet’s life. Interface carpet purchase moved from ownership to partnership, across the product’s life cycle. Interface’s external partnerships were broadened further as the company developed new technologies in carpet recycling, as not only its customers’ carpets were being recycled, but so too were the carpets of manufactures. While customers are still important to Interface, they have increasingly become co-creators of value not just for themselves, but for the company, its clients and partners, and society at large. Among its sustainability achievements, from 1996–2009, Interface cut its greenhouse gas emissions by 71 percent (in absolute tons) while increasing sales by 60 percent; its use of renewable energy went from zero to 28 percent; and as a result of its company-wide waste elimination measures it saved US$ 405 million of avoided costs [49]. Internal and external partnerships were critical to such successes.

8. Conclusions

This article has proposed that service organisations might address sustainability challenges, both environmental and social, via the decision-making captured within the elements of the services marketing mix. Service products may be intangible but they are not without their environmental and social footprints. How the negative impacts of these footprints might be reduced is captured within the firm’s processes. Processes will not only address service product dimensions, but also pricing, distribution, and marketing and corporate communications of the service product offer. Partnerships is added to the traditional understanding of the services marketing mix, reflecting the importance of people, both internal and external to the company, in the role of co-creators of value. The SMMM cross-references each of these marketing mix elements with the three pillars of the triple-bottom line to permit the auditing of the firm’s current sustainability performance, as it affects the physical environment, the social environment, and long-term profitability, and assists in the setting of tactical and strategic performance aspirations as part of strategic (marketing) planning. As such, we argue
that it provides the services marketing manager with a superior decision-making framework for the achievement of sustainability-oriented decision making, including a focus on long-term profits.

The approach proposed here is necessarily theoretical. While this approach is inductively supported by anecdotal evidence from different service contexts, including a carpet tile manufacturer that has effectively moved its customers from a product ownership-based to a service-dominant logic-based relationship, further research might empirically test the model’s applicability across individual service brands and service sectors. Sustainability metrics will, naturally, vary across service sectors and individual service firm contexts, however, research might consider the impacts of a such a holistic marketing approach on tangible and/or intangible costs, such as process costs and productivity, employee morale, and the impacts of customer (dis)satisfaction, and also on the revenue side, through increased brand demand, sales, and customer loyalty behaviours, including positive brand referrals.

A holistic approach that covers the entire SSMM proposed here, rather than stand-alone SSMM elements, is recommended for this research agenda. It is anticipated that the application of this approach by services marketing managers might appear challenging at first glance, however, what is proposed above provides a clear means to audit the current sustainability performance of the services organisation’s decision-making and, after the establishment of appropriate performance indicators, chart a strategic course for improved future sustainability marketing. As a result, value is increased across the triad, including not only customers, but clients, partners, and society at large.

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