

Sustainable Marketing in banking sector. The case of Santander in Spain

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Abstract

Sustainability has been gaining presence in banks throughout this century, in response to the incremental information provided in their non-financial reports. However, when we look at how they create, offer and market their products and services, the presence of Sustainability becomes less explicit.

Social and environmental concerns complement the economic dimension of the Sustainability's Triple Bottom Line. The aim of this paper is to contrast, through an exploratory analysis, whether this integrated approach to Sustainability is present in the different dimensions of the 7P's of marketing that are addressed in banking, for the specific case, here, of Santander bank. The results show the limited presence of Sustainability on the commercial website of the financial entity, mainly restricted to some products designed to attract sustainable savings and investment. Other dimensions of 7P's have hardly integrated sustainable marketing yet, in contrast to the greater weight non-financial reports are gaining.

Keywords: sustainable marketing, bank marketing, 7P's marketing mix.

Track: Social Responsibility and Ethics.

1. Introduction

Once the 193 countries members of United Nations, approved the Sustainable Development Goals (SDG) in 2015, the presence of Sustainability in businesses has gained significant momentum. This has been reflected in the number of initiatives promoted by companies to contribute to sustainable development, thus responding to the call from their respective governments, but also from all their stakeholders.

Although there were prior evidences of environmental and social concerns into business dynamics even at the end of the 20th century, there has been an acceleration in the corporate response to the challenges of sustainability. Both in the number of actions, projects and programmes launched, as well as the leading role they are taking; moving from initial solidarity actions to the integration of Sustainability in the integral company's strategy.

Consequently, marketing strategies within organizations are also living a transformation process in order to integrate sustainability. Therefore, we are witnessing the consolidation of a concept that, although not new, was practically unknown even among marketers: the Sustainable Marketing.

2. Sustainable Marketing

According to Fuller (1999, p. 4), sustainable marketing is "the process of planning, executing, and controlling the development, pricing, promotion, and distribution of products so that the following three criteria are met": 1) customer needs are met, 2) organizational objectives are achieved, and 3) the process is compatible with ecosystems.

The ecological approach seen in this first definition of sustainable marketing has undergone a conceptual evolution parallel to that of Sustainability. The initial scope, focused on the green, has expanded to complete the dimensions of the Triple Bottom Line: economic, social and environmental (Elkington, 1997). Thus, Gordon, Carrigan and Hastings (2011, p. 3) consider that sustainable marketing "is achieved through the contribution of the three existing marketing subdisciplines: green marketing, social marketing and critical marketing". Similarly, other authors define sustainable marketing as "a concept of management that addresses environmental and social demands and, over time, turns them into competitive advantages by providing value and satisfaction to customers" (Belz and Karstens, 2010, p. 3).

The fact that companies act responsibly in implementing their marketing strategy is sometimes seen as a contradiction (Gordon, Carrigan and Hastings, 2011), to the point that

'sustainable marketing' is itself an oxymoron (Watkins and Hill, 2011). Despite the fact that marketing seeks to influence consumer behavior, the truth is that consumer tolerance to irresponsible corporate practices is decreasing, while 'conscious consumers' are increasing, i.e., those who reward responsible companies and boycott those that are not.

In line with these approaches, the academic literature has already shown that sustainable marketing practices have a positive impact on the reputation and behavior of consumers (Greening & Turban, 2000; Heck and Yidan, 2013; Gomez-Trujillo, Velez-Ocampo, & Gonzalez-Perez, 2020).

However, for stakeholders to be able to assess whether the company is responsible or not, they need to know exactly how it acts and therefore demand transparency. Without truthful and reliable information, the consumer cannot exercise his or her sovereignty fairly (Smith, 1987; O'Rourke & Ringer, 2016).

It is true that not all consumers incorporate sustainability criteria into their consumption decisions, but those who do are called 'conscious consumers' or 'responsible consumers'. Nevertheless, they not always take into account the company's responsibility. Aspects such as the diversity and accessibility of the offer, economic restrictions or the frequency of purchase - among other parameters- can make responsible consumption oscillate from one extreme to another even within the same consumer (Foretica, 2018).

In other circumstances, the conscious and responsible consumer is not even capable of knowing the responsible practices of the company that impact on sustainability, which points to a review of the way in which these are communicated. The lack of information and the difficulty of interpreting it correctly are often a major obstacle to helping consumers find responsible companies.

So far, the companies with the highest level of disclosure of non-financial information are those that use a Sustainability Report (Sierra-García et al., 2018). However, the effectiveness of these reports for the market is very limited (Tsagas & Villiers, 2020), and they do not seem to have much influence on consumers' final decisions.

Therefore, the company should not only report on what it does in terms of sustainability, but should also seek formulas, adapted to each type of stakeholder, to make this information available through complementary channels to the non-financial reports (NFR), which are more effective for all involved.

By incorporating sustainability in the company's marketing strategy, a differentiation advantage is achieved (Lucic, 2020), perceived by the market as a company that provides added value to society in the long term, not immediately (Obermiller et al., 2008). Sustainability as a

marketing strategy also impacts innovation (Andries & Stephan, 2019), by improving efficiency - which has a direct impact on costs and therefore price - while developing new products to meet new market demands.

Even so, the business strategy seems to have difficulties integrating sustainability in a comprehensive manner. Sustainability issues are often managed separately from strategy, as an individual and specific issue that does not affect the entire organization or all decisions made within it (Lucic, 2020). This difficulty is largely explained by the fact that the relationship between sustainability and business value has not yet been quantified (Trivedi et al., 2018).

In conclusion, sustainable marketing incorporates new variables to be considered when defining how to influence the consumer; at that time, the social and environmental dimension must be taken into account to encompass Sustainability in all its breadth.

3. Bank Marketing

Since this research aims to analyze whether sustainable marketing is being applied in the banking sector, it is also necessary to understand the particularities with which this sector develops its marketing strategies (Rivera & Mas, 2015). It must be understood that banks operate in a fairly regulated sector, where there are no intellectual property rights, which leads to a rapid absorption of differentiation caused by innovation. However, customer data is highly protected. This leads to the need to focus efforts on a strong customer orientation so that greater loyalty is achieved through trust.

Trust is vital in the financial sector, but the scandals experienced in the first decade of the 21st century drove away any possibility of bringing positions closer together. It should not be forgotten that financial products and services are complex and abstract, often difficult to understand by stakeholders, and the various risks involved promote a certain feeling of mistrust, especially on the part of customers.

These specificities have led to the need to develop specific marketing strategies for the banking sector. Bank marketing is defined as 'the aggregate of functions, directed at providing services to satisfy customers' financial (and other related) needs and wants, more effectively and efficiently' (Kumar, 2013).

In bank marketing not only are integrated the 4P's generic defined by McCarthy in 1968 for the marketing mix, but the concept extended to 7P's by Booms & Bitner (1981), extended among companies in the service sector more widely than in industry. This is because when working with intangibles, the 4 generic dimensions traditionally used are very limited to

describe the marketing tools to be used by this type of organization. For them, the attention of the people who give service as well as the way in which their work is organized - the processes designed according to the service to be offered - are determining factors. It is also important to have testimonials and physical evidence that support and reinforce the quality of the service offered, which I must serve to inject confidence in their good work.

In short, the dimensions considered in the 7P's are: product, price, placement, promotion, people, process and physical evidence.

4. Research

4.1. Purpose

The purpose of the present research work is to confirm if Sustainable Marketing is being adopted within the banking sector, applying a specific methodological approach to the case of Santander bank.

The case is used here also with a secondary goal: to test the methodological approach to this cross-analysis of sustainability marketing with the bank marketing. Further research could be developed replicating the methodology to other banks in order to obtain comparable data.

4.2. Subject of study

The justification to choose Santander bank among the different financial institutions in Spain relies on the fact that this was the first company signing the United Nations Environment Programme Finance Initiative (UNEPFI), a “partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. UNEPFI works with more than 350 members – banks, insurers, and investors – and over 100 supporting institutions – to help create a financial sector that serves people and planet while delivering positive impacts” (UNEPFI, 2020). There are more Spanish banks that have joined UNEPFI but Santander bank signed its commitment in October, 1992, becoming the first Spanish financial institution belonging to UNEPFI network. As the membership was signed nearly 30 years ago, the bank has been integrating its principles within the organization, as shown in the NFR reports that has published since 2008, attending to the documentary base available at the company’s website.

The general practice for banks is to create different websites to report information about the company, addressed mainly to analyst, investors, media, and community, from the website addressed to customers. The latter contains information about the products and services offered to the market, while the corporate site is where we can find information about the company’s management, including its Corporate Social Responsibility and/or Sustainability reports. In our case, the website has been analysed considering the perspective of individuals, leaving aside the part of the web addressed to companies or private banking that may require a different marketing strategy. All the content of the site has been analysed: text, images, videos, blogs,...in order to identify social and environmental issues present throughout the website.

Table 1. Sustainable marketing dimensions at Santander’s individuals website

SANTANDER BANK		Product				Price	Promotion	Placement		People	Process	Physical evidence	
	Codes	Accounts	Savings & Investment	Insurance	Finance	Comissions	Advertising (web site)	Physical	Digital	Workers	internal processes	Testimo-nials	
People	Wellbeing (enjoy)						AVIOS points for flying					Images showing goodlife	
	Solidarity		SRI Funds			Donation of comission to NGOs						SRI investment blogs	
	Values		SRI Funds			Donation of comission to NGOs	Digilosophy (people first)				Digilosophy (people first)		
	Security										Tests - 'commitment to your security'	Encryption	
	Flexibility			My Santander Sustainable Project(s) (pension fund)			Less comissions for youth	Digilosophy (24x7)	Work-café (co-working space)	Digilosophy (e-commerce)		digitalization (online banking)	
	Adaptability							Digilosophy ('we adapt the way we work to you')		Videos, blogs, chatbots			Simulators and comparators (SAM)
	Trust												Expert advisor
Planet	Energy Efficiency				EIB Energy Efficiency Loan						Implicit extending the use of the offices (circular economy)	Blogs on SRI investment	
	Ecological consumption				Ecofriendly-car loan			Proximity products in Work-café					
	Environmental care		Sustainable Funds										

Source: Own elaboration.

4.3. Methodology

The study followed an exploratory approach employing qualitative content analysis of Santander’ commercial web site for individuals. For each of the pages, we have searched signals -mainly words and sentences, but also images and videos- with references to social and/or

environmental issues considered by the sustainable marketing definition, abovementioned. Each of these signals is known as 'unit' including the reference specification of the signal to analyse.

Within each of the two sustainability dimensions considered -social and environmental, it was created a set of codes, enriched and broadened through the research process, that helped identify the aspects considered by the company.

Each unit identified was then classified in one -or more- of the seven dimensions of the 7P's marketing mix, composing a matrix of double-entrance (see Table 1): on the vertical axis, sustainable marketing dimensions (social and environmental) are included, with the codes considered to classify the concerns covered. On the horizontal axis, the 7P's or the bank marketing are listed. The units identified through the content analysis fulfill the cells of the matrix.

4.4. Results

Overall, the findings indicated that social concerns are more widely treated by the sustainable marketing of Santander's individuals website, compared to environmental issues. The social concerns are aligned to customers' expectations: security, flexibility, adaptability and trust. Three new specific social concerns are also being covered which are closely aligned to sustainability issues: wellbeing, solidarity and values.

With reference to the environmental concerns highlighted in the website, there are three different considerations: energy efficiency, ecological consumption and environmental care.

Observing where these references to sustainable concerns are treated in the bank marketing mix, there are three of the seven dimensions that concentrate most of the results: products, promotion and physical evidence. Regarding products, sustainability concerns are used mainly in investment and saving products, followed by financial products -like specific loans-. With reference to promotion, we can observe on the different advertising included in the website that apart from some loyalty reward programs in alliance with partners, the company has given great visibility to the bet for digitalization, as a way of adapting to new social needs and demands.

Finally, the physical evidence, which is a characteristic dimension for the service businesses, is also including sustainability concerns mainly related to social aspects. For that purpose, the bank is promoting the participation of experts to give advice through accessible blogs and videos with simple and clear messages.

5. Conclusions

Sustainability concerns are growing in businesses, expanding its presence from initial solidarity actions to a wholly integration in the corporate strategy, including marketing strategy. This is given greater visibility to sustainable marketing in different sectors.

In this paper we have focused on bank sector to analyse the way in which sustainability is landing in the bank marketing mix. The research work, applied for the case of Santander bank, shows that sustainability concerns are spreading among the different dimensions of the 7P's marketing mix. For banks, social issues are covered more widely when addressed to individuals, compared to environmental issues. On the other hand, products, promotion and physical evidence seem to concentrate most of the references to sustainability.

Further research will be developed to replicate the methodology applied to different banks in order to obtain comparable results.

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