

## Sustainability Marketing as Restaurants' Business Strategy in the New Norm

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### Abstract

COVID-19 has changed the way businesses operate. The food and beverages sector, particularly restaurants, are badly affected by the pandemic. Customers are afraid, cautious and anxious to buy food and to dine out. Hence, it is essential for restaurant owners to design strategies that can gain customers' trust, reduce their fear, minimise their feelings of insecurity, as well as make it more convenient for them to enjoy restaurant food. This paper aims to explore how restaurants adopt sustainability marketing mix in their business strategy, especially in the new norm. Six restaurant owners were interviewed via online platforms. The results of the interviews are presented as the 'business case' for sustainability marketing. The findings from this research can assist restaurant owners to understand sustainability marketing and use it as a business strategy.

**Keywords:** Business Strategy, COVID-19, New Norm, Restaurants, Sustainability Marketing

### Introduction

World Health Organization (WHO) defines COVID-19 as a result of a new strain of coronavirus (WHO, n.d.). First discovered in December 2019, this infectious disease rapidly spread all over the world making it a true pandemic that has significant negative impact on the global economy, including the food and beverage industry (Chowdhury, Sarkar, Paul, & Moktadir, 2020).

The post-pandemic effects of COVID-19 on the food and beverage industry have been worrying to restaurant owners. In the event of epidemic and infectious 'diseases, customers eat less outside food and avoid eating out due to fear of infection, which has badly affected the food industries' financial performances (Kim et al., 2020). Therefore, in dealing with the COVID-19 pandemic, there is an urgent need for restaurant owners to increase customers' trust and confidence so that they will continue using products and services offered by restaurants.

Public interests and environmental issues have also become major concerns in the industry. Hence, restaurant owners should start taking sustainability measures more seriously. Restaurants need to explore sustainability in their efforts to grow and develop. Adopting sustainability into a restaurant's business strategy has become a moral obligation

and means toward gaining competitive advantage. However, operating the business while balancing both sustainability and profitability are indeed very challenging and not easy. Can restaurants compete effectively while at the same time contribute to sustainable development? Is this too far-fetched or idealistic? The fact is, something has to be done. A survey conducted by a marketing research firm, Vase Technologies Sdn. Bhd. showed that only 12% Malaysians eat out since Recovery Movement Control Order began (Hakim, 2020). If customers are not convinced about sustainability measures taken by restaurants, they might not visit restaurants anymore thus increase the risk of restaurants being out of business. Thus, sustainable marketing is no longer an alternative; but a call to action.

Though the aim is clear, the modus operandi is still vague. In the process of creating value for customers, marketing also needs to create environmental and social values for the society (Pomering, 2017). However, there are no specific descriptions on how this can be done. According to Hubbard (2018), previous studies on restaurant success factors did not enlist specific marketing strategies. In terms of sustainability, the focus only falls on minimising waste and being involved in community service activities. This article attempts to discuss sustainability as restaurants' marketing strategy and explore how it is executed by the restaurants' owners.

### **Literature Review**

'Sustainable development' is a term used by the Brundtland Commission in *Our Common Future* (González, 2023). In 1987, the Brundtland Commission of the United Nations provided a definition of sustainability: "Meeting the needs of the present without jeopardizing the ability of future generations to fulfil their own needs." (UN, n.d.). This description is in line with OECD's definition of sustainability in 2002 which describes sustainability as the consumption of goods and services that meets the essential demands and life quality without putting future generation's needs into jeopardy. In principle, all development must balance social, economic and environmental sustainability, as conveyed in the 2015 United Nations Sustainable Development Goals (UNDP, 2023).

Sustainability revolves around three pillars or the "Triple Bottom Line" – people (social dimension), planet (environmental dimension), and profit (economic dimension) (Elkington, 1998). Sustainability is most often associated with the environment, but in actuality it also concerns economic and social matters. Sustainability in business entails generating enduring economic value by responsibly creating, delivering, and capturing value for all stakeholders, while ensuring the preservation of natural, economic, and social resources, without exploitation (Yudawisastra et al., 2022). Now sustainability is an essential factor in the evaluation of business performance and social progress.

In the marketing context, sustainability has developed into various expressions in the past five decades. Table 1 illustrates how previous literature devised multiple terms until the term 'sustainable marketing' was coined, elaborated and referred to.

Table 1

*Previous literatures' contribution to the development of sustainability marketing*

Year	Author(s)	Event
1971	Kassarjian	Introduced the concept of ecological marketing
1971	Kotler and Zaltman	First defined social marketing
1974	Fisk	Further explored and elaborated the concept of ecological marketing
1976	Henion and Kinnear	Introduced the concept of 'Ecologically Concerned Consumer'
1992	Charter	Introduced the term 'Greener Marketing'
1996	Dam and Apeldoorn	Described green marketing
		Introduced the concept of sustainable marketing
1998	Kilbourne and Beckmann	Reviewed sustainability marketing research by analysing publications in 12 English-speaking, major marketing journals, covering the period 1971-1997
2001	Peattie	Described sustainable marketing as the 'Third Age of Green Marketing or Sustainable Green Marketing'
2005	Kotler and Lee	Further explored the concept of social marketing through research on 23 companies
		Reviewed 36 corporate social initiatives and categorised them into 6 types (corporate social marketing, cause marketing, cause-related marketing, corporate philanthropy, community volunteering and socially responsible business practices)
2009	Belz and Peattie	Differentiated sustainable marketing from sustainability marketing
		Converted 4Ps (Traditional Marketing Mix) to 4Cs (Sustainable Marketing Mix)
2011	Leonidou and Leonidou	Analysed 530 sustainability marketing and management literatures covering 1969-2008

**Sustainability as a Marketing Strategy**

Sustainability and marketing merge to combine economical aspects and relationship marketing - the social, moral and environmental points of view. The bases of sustainability marketing are an organisation's visionary, long-term approach in its actions and strategies, governed by ethical and moral principles as values. The aim of sustainability marketing is at upgrading customer, social and ecological values. This has become a goal for firms; and can be achieved through strategy (Jianu et al., 2015).

The significance of sustainability as a strategy is elevated when McCarthy's Marketing Mix of 4Ps (Product, Price, Place, Promotion) is modified to Sustainability Marketing Mix consisting of 4Cs (Customer Solution, Customer Price, Convenience, Communication) (Kumar et al., 2012). The advancement of information and communication technologies has changed customer demands. As a result, marketers have shifted their strategy from mass marketing (utilisation of 4Ps) to niche marketing (utilising 4Cs) (Wu & Li, 2018). Figure 1 shows the transformation from Traditional Marketing Mix (4Ps) to Sustainability Marketing Mix (4Cs).

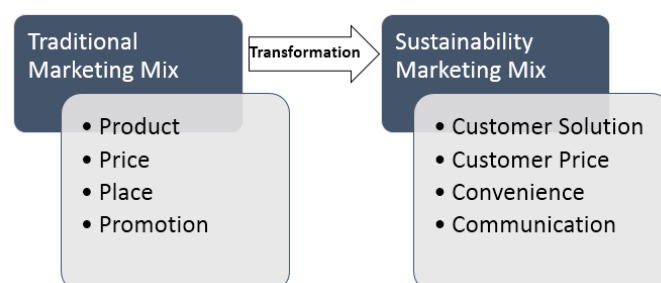


Figure 1. Transformation from Traditional Marketing Mix (4Ps) to Sustainability Marketing Mix (4Cs) (Kumar et al, 2012)

Sustainability Marketing Mix was first introduced by Lauterborn (1990) as a transformation from the traditional marketing mix. 4Cs is a customer-oriented niche

marketing approach, where all decisions are based on the needs and wants of customers (Wu & Li, 2018). It looks at the marketing of products and services from the perspective of customers. Restaurants should take into account the 4Cs in their effort to incorporate sustainability marketing as a strategy.

### Methodology

The objective of this paper is to explore how restaurants apply sustainable marketing as their business strategy. The restaurant industry is chosen because of the challenges faced by restaurant owners in making sure that their businesses survive during the COVID-19 pandemic. The researcher selected respondents based on their knowledge on the issue, professional capacity (as restaurant owners, major shareholders and decision makers), and willingness to participate in this study. A total of six restaurant owners from different states in Malaysia were approached. They are listed in Table 2.

Table 2

#### *Respondents' Pseudonym and Descriptors*

Pseudonym	Descriptors
Joe	Owner of a Western food cafe in Selangor. Joe was a technician. Began selling burgers at a stall on part-time basis before deciding to venture full-time into business. Joe has been in the industry for 8 years.
Lin	Owner of two restaurant branches and one central kitchen in Johor. Lin worked as supervisor in Singapore before opening her own restaurant. Lin has been in the F&B business for 6 years.
Ari	Owner of a local food restaurant in Kuala Lumpur. Ari was an IT engineer. He was making and selling 'keropok lekor' (fish crackers) from home before opening a full-fledged restaurant 5 years ago.
Kri	Owner of a chicken rice shop in Melaka. Used to work in the Oil & Gas industry. Now Kri is in the process of opening a third branch. He has been in the food business for 5 years.
Sara	Owner of a Korean street food kiosk. She and her sister started selling Korean food in Kedah 5 years ago. Last year, they moved their business to Kuala Lumpur.
Khuz	Owner of an Arabian rice café and catering in Terengganu. Started this family business about 8 years ago. Her husband was a contractor before quitting his job to join her food business.

Given the Movement Control Order (MCO) imposed by the government of Malaysia, state border crossing was not allowed. Therefore, face-to-face interviews were not possible. Hence, structured online interviews were conducted. According to Salmons (2011), studies that utilize data gathered through online interviews adhere to the fundamental steps and principle involved in any research, including those specifically associated with qualitative interview research but through an essential additional dimension, which is the integration of technology.

Interview questions in Google Form were sent to the restaurant owners via WhatsApp application. Not only a safer alternative, this method is also more cost and time effective. In addition, it solved the problem of traveling constraints and the researcher did not have to go through transcribing process (Meho, 2006).

### Results

The first element of Sustainable Marketing Mix is Customer Solution, which means restaurants should offer products or services that provide values and solutions to customers, according to the needs and wants of customers. Customers nowadays look for services and

products that do not jeopardize the environmental, social and economic well beings. A sustainable product or service will satisfy customers while at the same time attain environmental and social aims (Wiścicka-Fernando, 2018). During pandemic, customers want restaurants to be more responsible in ensuring customers' safety and health. To gain customers' trust, the restaurant owners mentioned that they

*'Create a pleasant condition and a creative choice of menus.'* – Lin.

*'Use a robot to deliver food to customer table so that customers feel safer.'*

– Kri.

*'Changed our business model to delivery-only mode in order to reduce risks of COVID-19 infection and to avoid close contact between our workers and customers, as well as among customers.'* – Sara.

*'Strictly follow SOPs provided by the government. These SOPs are displayed at the entrance. When dine-in is allowed, an employee stands at the door to take customer's temperature, make sure that customers wear masks and check-in using MySejahtera app in their phone or write their details correctly in a log book before they enter the restaurant.'* – Khuz.

While restaurants always find ways to reduce costs, offering sustainable products or services could be pricey. Therefore, the strategy is to prevent customers from considering product price as a priority when making purchase decisions. The second element in Sustainability Marketing Mix is Customer Price, referring to the situation where customers perceive price as irrelevant in comparison to the value and benefit attached to the products or services. The actual product costs are not often represented in pricing (Pomering, 2017). It is costly for restaurants and customers to offer and to acquire products or services that adhere to sustainability requirements. Hence, as a strategy, firms need to push product values in place of price and to educate customers that it is worth to pay a little more now than having to pay dearly in the future as a result of damages done to the environment or one's health. In order for customers to not consider or disregard product price, these are the strategies taken by restaurant owners:

*'(We) push product value through food benefits and food presentation. The restaurant ambience also complements food price.'* – Joe.

*'(We) offer dishes that are worth the price. Prepare menu sets such as "main course + dessert + drinks" to make them look cheaper.'* – Lin.

*'...I focus on family dining. Happy time with family while enjoying food at our restaurant. The value we push is time together with family and eating happily so that family bonding is stronger.'* – Ari.

*'Our products are a little more expensive because we use authentic halal ingredients from Korea. The main ingredients of our dishes are gochujang, kimchi, fresh garlic, fresh ginger, fresh green onions, and sesame seeds. They are known for their health benefits.'* – Sara.

The third element is Convenience. Customers should be able to make purchases, orders, as well as payments wherever, whenever, and however convenient to them. Restaurants are now providing channels that would satisfy this factor, including offering cashless payment, mobile payment or payment via e-wallet.

*'(We) provide payment facilities through e-wallet, credit cards and online transfers.'*

– Joe.

*'(We) have various payment systems so that customers will find it easy to make payments.'* – Lin.

*'...to make it easier, customers can pay online using online transfer, credit card or debit card.'* – Ari.

Convenience is also closely linked to takeaway food, and customers often consider it as a significant factor that influences their food choices (Liu & Chen, 2021). In addition, amidst the unparalleled pandemic situation, only a small number of customers are inclined to dine in restaurants. The majority of restaurant customers buy takeaways or order food via delivery platforms. In the COVID-19 pandemic, hygiene naturally emerged as a prominent theme. In a study by Cheong and Law (2022), customers gave positive reviews for restaurants and their products in terms of being "hygienic," "clean," and "safe." These evaluations were influenced by how restaurants packaged their food.

*'(We) use containers to pack our food. It is more convenient for customers because they can eat directly from the containers without having to unpack and serve on crockery. It is also sustainable because the packaging is re-useable.'* – Khuz.

According to Wiścicka-Fernando (2018), the main aim of the third element is to offer delivery. Food and drinks are being delivered straight to the customers through various delivery providers such as Foodpanda, GrabFood, Mr Speedy, Lala Move, and many more. Therefore, customers save time, money, and energy. Most importantly, customers feel much safer because they do not have to leave the comfort of their homes to travel or face the risk of being exposed to COVID-19.

*'(We) cooperate with food delivery platform application, GrabFood especially for customers who prefer to order online.'* – Lin.

*'Customers can order online via Foodpanda, GrabFood, and E-Commerce. Our restaurant's e-commerce (platform) works together with a delivery company, MrSpeedy...'* – Ari.

*'...(we) use all available delivery apps services around business area.'* – Kri.

*'To ensure their safety, our customers can only order online. We use all delivery providers available at our area. We also build a contactless counter for customers to pick up their orders at the outlet if they do not want to use delivery provider services.'* – Sara.

Lastly, restaurants should be able to communicate and create meaningful relationships with their customers. Customers' trust can be strengthened if they are aware that sustainability is being taken seriously by restaurant owners. Promises on sustainability must be shown in advertisements as well as marketing and corporate communications (Pomeroy, 2017). Promotional materials, advertisements, and so on must impart sustainability elements, and this move should be made known to customers. During crisis, restaurant owners should spend more on advertisements so that they can quickly recover and can communicate safety matters to customers (Madeira et al., 2020). Kim et al (2020) found that advertising positively impacted restaurants' value during epidemic. Restaurant owners should use advertisement as means to disseminate information to the current and potential customers. For example, let customers know that the restaurant follows government rules, adheres to strict Standard Operating Procedures as well as takes serious actions to protect and prevent COVID-19 from infecting them. Firms that are able to communicate sustainability values to customers and to stakeholders will open up new possibilities.

*'(We) utilise various channels such as Instagram, Facebook, e-mail, Whatsapp, telegram and so on to deliver information/promotion/messages and so on to customers. This way customers will feel appreciated and closer to our business.'* – Lin.

*'(We) work towards building stronger communication and relationship with customers. Among the initiatives taken is creating a customer's loyalty program.'* – Ari.

*'(We) use available advantages in social media such as IG and Facebook by posting actively and doing LIVE at the restaurant.'* – Kri.

*'We use all internal, external and social media marketing channels to bring forward the quality and benefits of the ingredients of our products. We conduct promotions and contests from time to time to increase customer awareness and engagement.'* – Sara.

As this is the era of Internet of Things (IoT) and Industrial Revolution 4.0 (IR 4.0), restaurant owners can also leverage technology in their endeavours to capture customers' attention regarding present and related matters. Modern technology and innovation have the potential to enhance businesses' participation in social and ecological marketing activities. It is noteworthy that Lin and Kri use robots to serve food at their restaurants. This is the latest application of technology in Malaysian restaurants. Research by Jang and Lee (2020) found that customers value the safety of the serving robots. The study also found that the use of serving robots can increase customer satisfaction and revisit intention.

### **Conclusion and Recommendations**

The aim of strategy in marketing is to gain competitive advantage. In the face of COVID-19 pandemic, it is timely to incorporate sustainability in the strategy since it has become a requirement and an obligation for restaurants in their effort to achieve competitive advantage (Kumar et al., 2012). Previous studies have found that restaurants do apply proactive strategies during times of crisis (Seo, Miao, Almanza, & Behnke, 2018). Designing a potent sustainability marketing strategy is essential for firms in order to gain enhanced performance (Dangelico & Vocalelli, 2017). Eilers et al (2016) conducted research on

commercial building contractors in 2016. They found that sustainable business practices (corporate values, social responsibility, and community involvement) increased project opportunities which then led to improvement in firm performance. This performance is the outcome of the observed perks resulted from integrating environmental management into the firm's business operation (Hasan & Ali, 2015). It is therefore promising for the restaurants that adopt sustainability marketing in their business strategy to achieve better performance especially during this challenging time.

The findings of this study hold significant implications for restaurant owners. The results of this research can help restaurant owners comprehend sustainability marketing and utilize it as an effective business strategy that foster customer trust, alleviate fear and insecurity, and enhance the convenience of enjoying restaurant food, predominantly in this post-pandemic era.

This study has certain limitations, primarily due to its narrow focus on only a small number of restaurant owners in Malaysia. As a result, the findings may not be directly applicable to different contexts. To obtain more comprehensive insights, conducting further research with a larger and more diverse sample size within various food service sectors would be advantageous. It is also proposed that future research on sustainability marketing as business strategy to be conducted quantitatively in order to get a more tangible result.

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