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Promoting Sustainable Marketing in the RMG Sector: A Step for Transformation

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Abstract

Every day the business world is changing. Technological, environmental and social changes influence the business strategies dramatically. For this competitive world, manufacturers must concern regarding the changes of technological, environmental and social. So, the business organizations give their concentration in sustainable issues. Bangladeshi manufacturers are not away from these issues. The present study is an attempt to examine the overall understanding of the sustainable marketing practices in RMG sector in Bangladesh (BD). Readymade garments are the largest export earning sector in BD. The purpose of this study is to identify the present scenarios of sustainable marketing practices in BD and the importance of transformation in this regard. The findings of the study are based on both primary and secondary data. The primary data were collected from 20 garments industries from Dhaka and Gazipur districts. The samples were collected according to the convenience of the researcher. The data were analyzed using some qualitative tools of statistical data analysis. Finally, the study suggests some guidelines which will be beneficial to Bangladeshi manufacturers for adopting sustainable marketing practices and transformation strategies.

Keywords: Promotion, Sustainable Marketing, Ready Made Garments, Transformation.

1. Introduction

1.1. Background

Sustainability has been the main focus of the CSR (Corporate Social Responsibility) department of an organization until recently. But as the world struggles with the problems of over-population, depletion of resources, increased pollution, increased requirements for energy, loss of biodiversity, multiple environmental threats and the broad effects of climate change, sustainability and sustainable marketing practices are now a significant international concern. Among these issues, climate change is one of major threats to our country's economy and adds significant stress to our communities and to the environment. The effects of climate change are global in scope and unprecedented in scale, from changing weather patterns that threaten food production to rising sea levels that also increase the risk of disastrous flooding (Zahedi, 2013). The act of manufacturing and the use of producers and customers of environmentally harmful products, hazardous emissions, and irresponsible waste management are some of the main factors behind the increasing concern regarding climate change. Manufacturers re-evaluate their definition of prosperity under these situations. They are becoming more concerned about social and environmental issues. Nowadays, deliberate attempts are being made to equip the company with a more "sustainable" strategy. Manufacturers are attempting to investigate methods to pursue sustainable marketing economics to flourish. New organizations have shown that shifting to more sustainable marketing methods in emerging economies can be intelligent decisions for the company.

Fuller (1999) describes sustainable marketing as: "The process of preparing, executing and managing product development, pricing, promotion and distribution in a way that meets the following three requirements: (1) client needs are met, (2) organizational objectives are met, and (3) the method is ecosystem consistent." Sustainable marketing is the contribution to sustainable development that the marketing profession can make.

So, sustainable marketing comprises all the activities of marketing and creates new opportunities that arise from improving the process of marketing and customer demand. There are very limited studies found regarding sustainable marketing practices in RMG industries. This study

will help RMG manufacturers to develop their sustainable marketing practices. Through the findings of this study, important suggestions can be made regarding sustainable areas where further improvements can be made or have a scope for further research based on this study.

1.2. Objective of the Study

This study has set a few questions for analysis and the result will be the findings of the study. These questions are divided into one broad and one specific questions. Broad question: What are the present marketing practices in RMG sectors in the context of sustainable? Specific questions: What are the important issues of transformation in RMG sector? These questions want to generate the idea of recent sustainable marketing practices in the RMG sectors and want to make a relationship with transformation.

1.3. Methodology

This study is conducted mainly by the analysis of both primary and secondary data. For gathering the preliminary knowledge about the subject matter, a range of information sources such as research reports, journals, local and international organizations and company's published green procurement regulations were searched for using Google generic search and Google scholar search tools. The primary data was collected by a questionnaire. Only factories in Dhaka and Gazipur cities were used as a sample frame. Due to time limitations, 20 companies were selected as a sample. Here, a combination of convenience sampling and snowball approaches were used for collection of the samples. This implies that the samples of this study were selected according to the conveniences and ease of access to the managers. Also, a string of references was used to collect the samples and peruse them for interview and discussion. The data were analyzed using descriptive statistics and presented in the form of percentages and bar charts, pie charts generated using Microsoft Excel.

1.4. Rationale

The notion of marketing has been developed as an overarching philosophy of action, a way of thinking and doing company and a managerial process that enables people and organizations, by generating, providing and sharing products and value services, to understand what they need and to accomplish. Sustainable marketing relates to the marketing approach that includes the long-term requirements of the client, the organization and

society in particular. It implies designing and marketing products that all customers around the globe can use widely over prolonged periods, without harming either customers or the environment.

In Bangladesh, the ready-made garments (RMG) industry is very important in terms of export earnings and economic development. In recent years, more than 80 percent of total exports have increased from this \$1 billion industry in Bangladesh (Export Promotion Bureau, 2015). Bangladesh is the second-largest exporting country for RMG in the world and offers its competitors competitive advantages (Berg et al., 2011). More than five thousand factories employ over four million individuals (BGMEA, 2017a; BGMEA, 2017b; BKMEA, 2017; Department of Factories and Establishments Inspection, 2017). The size, experience and company activities of these factories are diverse. For these companies' adoption of sustainable marketing, practices are a crucial need. The organizations can carry out their operations more effectively and efficiently by concentrating on better marketing methods.

Sustainable marketing relates to a marketing method that includes long-term requirements of the client, organization, and society as a whole. It implies designing and marketing products that all customers around the globe can use widely over prolonged periods, without harming either customers or the environment.

So, this study will highlight the promotion of sustainable marketing through transformation.

1.5. Structure of the Article

The first chapter lays out, along with a brief introduction of sustainable marketing, the objectives and methodology of this paper. The second chapter focuses on the existing literature regarding sustainable marketing on RMG context. In the third chapter, the paper discusses the current status of sustainable marketing practices on RMG sector. The importance of transformation regarding sustainable perspectives are also discussed here. Finally, the paper concludes with a few recommendations that can be followed to promote sustainable marketing practices in RMG sector.

2. Literature Review

In general terms, sustainability marketing involves building and maintaining sustainable relationships with customers, the social environment and the natural environment (Belz, 2006). Sustainable marketing is a new pattern of study in RMG sector of Bangladesh. According to Ovi (2014), Bangladesh's RMG sector has stepped into making factories eco-friendly as demand for green products has been on the rise from the global buyers. To implement sustainable practices, some manufacturers have introduced green factories reducing harmful emissions, improving energy efficiency, recycling byproducts and better waste management. Syed (2016) argued that Bangladesh has the potential for achieving higher share from the global market which will cross the \$2 trillion mark by 2025 from the current value of \$1.1 trillion. He also argued that in addition to addressing worker safety issues, the RMG sector should prepare itself to address the environmental consequences of a rapidly expanding the industry.

For promoting environmentally friendly innovations and motivating, several entrepreneurs adopt energy and efficient production technology. One of the initiatives of this innovation is Bangladesh Garment Manufacturers and Exporters Association (BGMEA) who in partnership with GIZ Bangladesh began a new program in 2014, Towards Resource Efficient and Environmental Sustainability (TREES). The program basically uses a cluster-based approach for improving environmental performance of non-wet processing members of BGMEA, and later it will extend its activities to wet-processing industries (Syed, 2016).

Syed (2016) argued that the major motivation for the factories to adopt more environmentally friendly practices and policies has been create a global market niche for meeting higher environmental standards. For adopting these policies, the major challenge is incurring extra costs for fulfilling environmental issues. So, the top of the executives have to concern regarding going green otherwise this would not implement at all.

3. Sustainable Marketing Practices in RMG industries

In this study, 20 RMG companies are selected as a sample for evaluating their marketing activities and checking their conditions regarding this issue. For evaluating this issue, the study used a predetermined questionnaire. The collected data from the questionnaire and data from other sources are analyzed for evaluations. The analyses of sustainable marketing practices are shown in Table 1.

Table 1: Statistics

	Continuous improvement in producing product	Followed Fair Pricing	Followed Fair Promotional Strategies	Followed Fair Distribution Strategies
N Valid	20	20	20	20
Missing	0	0	0	0
Mean	1.55	2.00	2.50	2.00
Std. Error of Mean	.114	0.000	.115	0.000
Median	2.00	2.00	2.50	2.00
Mode	2	2	2 ^a	2
Std. Deviation	.510	0.000	.513	0.000
Variance	.261	0.000	.263	0.000
Range	1	0	1	0
Minimum	1	2	2	2
Maximum	2	2	3	2
Sum	31	40	50	40

a. Multiple modes exist. The smallest value is shown

For analyzing the broad question, this study highlights four issues to know the actual marketing practices of RMG industries in terms of sustainability these are: continuous improvement in producing product, following fair pricing policies, following fair promotional strategies and following fair distribution strategies. Basically, the elements of marketing mix (4 P's) are analyzed here for discovering the broad question in this study.

For analyzing the issue of continuous improvement of producing product, this study wants to know regarding the initiatives of the organizations about this issue. Among 20 companies 9 (45%) fully focus on this issue and 11

(55%) partially focus on continuous improvement in producing products. For being sustainable, continuous improvement is a challenging issue for the producers as the demand of the product and its innovation is interrelated. For analyzing the issue of fair pricing, this study highlights that 20 companies (100%) partially followed fair pricing. Nowadays, consumers are more aware of pricing. Establishing fair pricing policies and maintaining the price is a challenging task for RMG marketers. For following fair promotion strategies, among 20 companies, 10 (50%) companies are following partial promotional strategies and other 10 (50%) companies do not followed any promotional strategies. For following fair distribution strategies, among 20 companies (100%) companies partially followed fair distribution strategies.

From the above discussion, it is clear that in Bangladesh the manufacturers of RMG sectors have not fully followed the concept of sustainable marketing. For analyzing the specific objective, this study analyzes some articles and research papers and other documents which are available on the internet for discovering the issues regarding the necessity of transformation in RMG sectors. The RMG sector of Bangladesh and textile industry has a target of increasing RMG export to 50 billion USD by 2021 set by Bangladesh Garments Manufacturing and Exporters Association (BGMEA) and the government in 2014, which seemed feasible when the target was set. But now this target seems to be difficult to achieve. In fiscal year 2016-17, the apparel export was 28.15 billion USD which was only 0.2 percent more from the growth rate of the previous year. As a result, the leaders of Bangladeshi textile industry and owners are continuously discussing, thinking and trying to find out the possible way out over the problem and want to make successful of their vision 2021. As the textile sector is our growth engine for our industry and in recent years, it is providing 28 billion USD exports to our economy but the manufacturers and owners want to take it to 50 billion USD. Right now the RMG sector needs some transformations to make the target happened. As McKinsey reported in 2011 that Bangladesh was declared as the next hot spot for sourcing in the RMG market next to China. To make a positive transformation, the RMG sector has to think widely. Figure 1 is shown for the analyzing the real picture of necessity for the transformation.

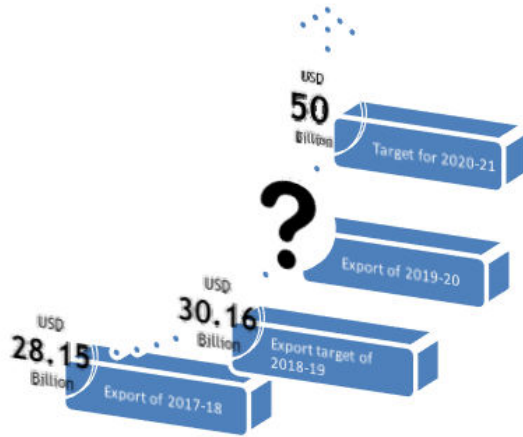


Figure 1: Export performance, growth expectation and target

For transformation, the RMG sector needs to consider that the size of the global market declined from 450 to 444 billion USD in 2016 but it can be expected to be 650 billion USD in 2020. Therefore, the target of Bangladeshi market is not in 50 billion USD, it will be much bigger for the RMG. In this situation, the main challenge is to move forward. For understanding the present market, manufacturers need to understand the current fashion trends of the global market. The most important issue for the manufacturers is lead time will drastically go down in coming days. Nowadays, the speed of working in the fashion industry will increase significantly, whoever will be able run with that speed will succeed. The manufacturers of RMG sector faced different types of problems for producing their product. The main problem is utility supplies including natural gas. Earlier this year, this particular problem was solved by alternative LNG gas. For the issue of compliance, the significant achievement of Bangladesh is that 7 factories of Bangladesh are among the top 10 ranked LEED certified factories in the world.

For analyzing the above issues, a proposed transformation model is given Figure 2.

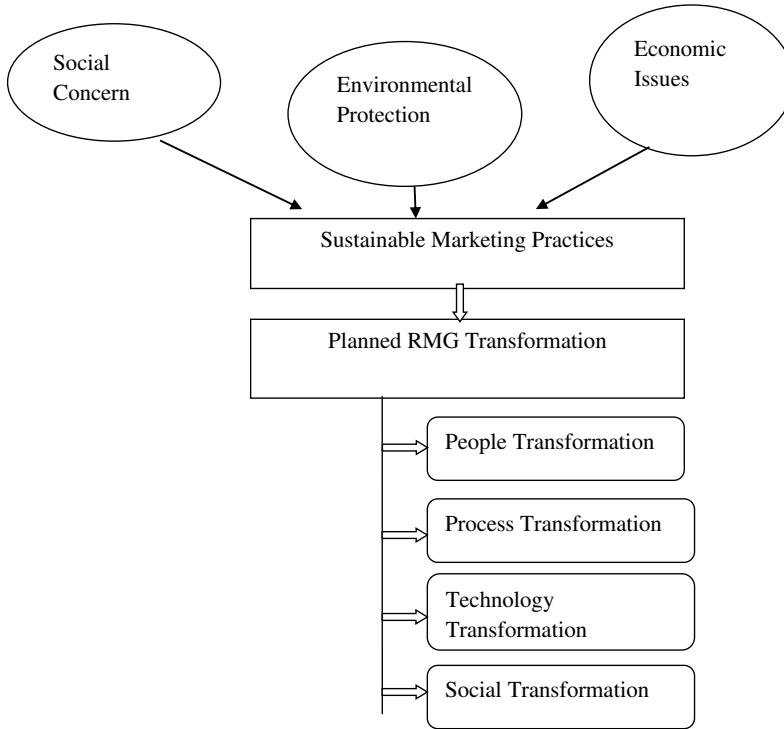


Figure 2: Transformation model

For achieving this model, the manufacturers of RMG sector must follow some measures that help them for successful transformation. These measures are given below:

- Maintaining the role of innovation, following green technology, efficient use of water and resources and maintain sustainable business practices.
- Manufacturers and Government should play a positive role in assuring transparency and effectiveness in the areas of workplace safety and working conditions of RMG sectors.
- Following fair trade and investment cooperation for maintaining workers' rights and safety issues which develops our positive images in the international market.
- Exploring appropriate business model and efficient allocation of resources which help the manufacturers implement good working condition, and address fire and building safety issues.

- Exploring responsible and sustainable sourcing which help Bangladeshi suppliers identify and assess risks and make supply chain process more transparent and manage the assumed risks.
- Enhancing the business relationship with the international development partners for maintaining sustainable trade relations to improve the current structure of fair wage policies, workers benefits, maintain occupational safety, health and insurance issues and the issues job security and proper training to the garments workers.

4. Conclusion

The RMG sector is the life blood of our Bangladeshi economy as majority export earning comes from this sector. Without transformation, it is impossible for the manufacturers to reaches its target. For facing the global competition among the emerging economies and implementing the transformation strategy, government policy maker, factory owners of RMG, employee trade unions and international partners have been providing working capital, workers safety, fire safety, infrastructure development, and energy efficiency. For sustainable growth of the RMG sector, the international organizations such as IFC (International Finance Corporation), the ILO, the Alliance and the ACCORD, BGMEA, BKMEA, Bangladesh Government and other investors should provide valuable support and help this sector to move forward in the right direction of transformation.

This study only represents an attempt to investigate the topic of promoting sustainable marketing in RMG sector and its necessity for transformation and further research is require for gathering more in-depth review. This study gave a predefined statement regarding the subject matter and further studies might analyze the effectiveness of the actions that are suggested in this study. Further research might be conducted regarding the actions of transformation and the strategies of sustainability in the RMG sector. The direction and result of this study might be helpful for the managers of RMG for their analysis and implementation of transformation that might lead to sustainability.

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