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# Combining Innovation and Sustainability:

## Exploring Green Marketing Strategies in SMEs

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# Bachelor Thesis Project in Business Administration

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## Abstract

The study explores the integration of innovation and sustainability in marketing strategies within Small and Medium-sized Enterprises (SME's), focusing on the consumer goods sector. As innovation drives economic and societal progress, and green marketing emphasizes environmental responsibility, this combination presents a crucial area for research, especially with ongoing concerns about greenwashing behaviors. Utilizing semi-structured interviews with 8 marketing professionals, the study employs thematic analysis to uncover how these concepts are operationalized in practice. The findings reveal that SMEs are adept at leveraging real-time market data and customer feedback. They rapidly adapt their marketing strategies, integrating customer insights to tailor their products and approaches effectively. This adaptability is further nuanced by the need to balance these strategies according to specific product lines and customer segments. It shows SMEs' strategic skill in navigating diverse market demands while maintaining environmental and commercial objectives. This proactive approach ensures that marketing strategies are not only responsive but also grounded in authenticity, reflecting a genuine commitment to sustainability that resonates deeply with consumers. They align with evolving consumer expectations for authenticity in sustainable marketing, effectively using differentiation to enhance their competitive advantage.

# Contents

**1.0 Introduction ..... 5**
1.1 Background ..... 5
1.2 Problem ..... 6
1.3 Purpose ..... 7
1.4 Research Question ..... 7
1.5 Delimitation ..... 7
**2.0 Literature Review ..... 8**
2.1 Method for Literature Review ..... 8
2.2 Innovation and Marketing Dynamics in SMEs ..... 9
2.2.1 Transformation, Assimilation and Prediction Framework (TAP) ..... 10
2.3 Green Marketing Dynamics ..... 11
2.3.1 Green Marketing Strategies ..... 12
2.3.2 Green Marketing Mix (4 Ps) ..... 12
2.4 Combining Innovation with Sustainability ..... 14
2.4.1 Similarities in Innovation and Sustainability ..... 15
2.4.2 Trade-off in Innovation and Sustainability ..... 17
2.4.3 Challenge in Innovation and Sustainability ..... 18
2.5 Successful Integration of Innovation and Sustainability in SMEs ..... 20
2.5.1 Houdini Sportswear ..... 20
2.5.2 Fjällräven ..... 21
**3.0 Methodology and Method ..... 23**
3.1 Methodology ..... 23
3.1.1 Research Philosophy ..... 23
3.1.2 Research Approach ..... 24
3.1.3 Research Design ..... 25
3.1.4 Research Strategy ..... 25
3.2 Method ..... 26
3.2.1 Data Collection ..... 26
3.2.2 Sampling Approach ..... 27
3.2.3 Interviews ..... 29

3.2.4 Data analysis ..... 31
3.3 Research Ethics ..... 32
3.4 Quality and Trustworthiness ..... 33
3.4.1 Credibility ..... 33
3.4.2 Transferability ..... 33
3.4.3 Dependability ..... 34
3.4.4 Confirmability ..... 34
**4.0 Empirical findings ..... 35**
4.1 Customer-Centric Approach ..... 36
4.2 Long-term Strategic Vision ..... 38
4.3 Differentiation and Competitive Advantage ..... 41
4.4 Flexibility vs. Consistency ..... 44
4.5 Challenges in Harmonizing Messages ..... 46
4.6 Market-Driven Innovation ..... 48
**5.0 Analysis ..... 51**
5.1 Customer-Centric Approach ..... 51
5.2 Long-term Strategic Vision ..... 52
5.3 Differentiation and Competitive Advantage ..... 53
5.4 Flexibility vs. Consistency ..... 54
5.5 Challenges in Harmonizing Messages ..... 55
5.6 Market-Driven Innovation ..... 55
**6.0 Discussion ..... 57**
6.1 Contributions ..... 58
6.2 Practical implications ..... 58
6.3 Limitations ..... 59
6.4 Future research ..... 60
**7.0 Conclusion ..... 61**
**8.0 References ..... 62**
**Appendices ..... 72**
Appendix A ..... 72
Appendix B ..... 73

# 1.0 Introduction

*In the initial chapter, the researchers introduce the setting of thesis by discussing the background knowledge of marketing innovation and sustainability in Small and Medium-sized enterprises. Later, the researchers examine the problem and purpose, outline a research question as well as detailing the delimitations of this thesis.*

## 1.1 Background

In the context of Small and Medium-sized enterprises (SMEs), the concepts of innovation and sustainability have emerged as significant themes within strategic marketing. Innovation, characterized by the introduction of novel products and processes, plays a crucial role in driving economic and societal advancements (Tsvetkova et al., 2020). Simultaneously, the concept of green marketing, focusing on the environmental attributes of products, underscores the growing emphasis on environmental responsibility within business operations (Dangelico & Vocalelli, 2017). These concepts illustrate the dynamic environment in which SMEs operate, playing a crucial role in shaping economic and environmental practices. As significant contributors to the economy and industry, these enterprises are instrumental in driving sustainable development. (Ihlstrom & Nilsson, 2003; Heunks, 1998; Dangelico & Vocalelli, 2017). The integration of innovation with sustainability in marketing strategies presents a promising field for exploration, particularly in today's market where consumer perceptions may be influenced by factors such as greenwashing. Greenwashing, defined as the intersection of poor environmental performance and positive communication about environmental performance, misleads consumers and undermines trust, ultimately damaging the market for genuinely sustainable products (Campbell et al., 2015; Delmas & Burbano, 2011; Wodnicka, 2023).

While innovation is crucial for driving market competitiveness (Gupta et al., 2016), considerations for sustainability are equally important to meet consumer expectations, comply with regulatory mandates, and protect the environment (Ottman et al., 2006). Reflecting on the influence of environmental regulation, Porter and Linde (1995) highlight their critical role in promoting environmentally sustainable product innovation. However, Montalvo (2008) cautions that overly stringent regulations, if not well-aligned with the dynamics of technical change and firms' perceptions of environmental and economic risks, can impede such innovation. Baker and Sinkula

(2005) emphasize that environmentally sustainable product innovation entails developing products or technologies that are not only market-oriented but also designed to minimize environmental impact, highlighting the essential balance between market demands and environmental stewardship.

Rex and Baumann (2007) explore the possibility of applying traditional marketing strategies in green marketing contexts to more effectively address a wider range of consumer needs and preferences. This adaptation, which enhances the marketability of environmentally friendly products, could serve as a platform for introducing innovative products. Adapting traditional marketing approaches to support both sustainability and innovation emphasizes the promise of their integration in enhancing the market presence of SMEs. This is supported by the findings of Sun et al. (2019), demonstrating that product innovation significantly enhances the social, environmental, and economic dimensions of sustainable marketing, directly influencing consumer innovativeness.

### 1.2 Problem

Although the importance of sustainability and innovation in marketing has been individually acknowledged, the practical application of combining these two factors remains not yet thoroughly explored within academic literature. Klewitz and Hansen (2014) categorize SMEs based on their sustainability behavior, highlighting that proactive SMEs leverage sustainability for competitive advantage through innovative products and business models. This recognition of proactive strategies demonstrates a growing awareness and implementation of sustainable innovation. Furthering this perspective, Chen and Liu (2020) emphasize the role of customer participation as a driver for green innovation in SMEs, suggesting customer engagement is crucial for identifying and utilizing green opportunities. Their findings reveal a dynamic interaction between SMEs and their customers that not only fosters innovation but also enhances sustainability efforts, underlining the need for detailed studies on how these interactions can be structured for maximum benefit.

Despite notable advancements, persistent challenges hinder the full potential of these integrative strategies across all SMEs. Lin et al. (2014) highlights the frequent lack of sufficient organizational capabilities in SMEs, a significant barrier that inhibits the effective implementation of sustainable innovations. This underscores the necessity for frameworks capable of effectively strengthening these capabilities within SMEs contexts, thereby essential in converting theoretical sustainability concepts into actionable outcomes. Nuryakin et al. (2021) highlight that SMEs' limited access to

market information restricts their ability to innovate in green marketing. Addressing this could help SMEs better anticipate market trends and align innovations with consumer expectations, thereby enhancing sustainability integration. Similarly, Pucci et al. (2017) observe that few SMEs are growth-oriented due to resource constraints and limited competitive advantages. Zsidisin and Siferd (2001) also note that environmental challenges often limit growth. Thus, improving support and resources for SMEs is crucial to fostering sustainable and innovative growth, making the exploration of these interventions particularly relevant. While the theoretical combination of innovation and sustainability in marketing has been explored, there remains significant room for research into its practical application within real-world SMEs settings. This gap, bridging theory and practical implementation in marketing strategies, forms the foundation of our research.

### 1.3 Purpose

The purpose of this thesis is to explore how market professionals in SMEs within the consumer goods sector combine innovation and sustainability within marketing campaigns. The aim is to provide insight into the approaches and strategies used to combine innovation with sustainability in their marketing initiatives.

### 1.4 Research Question

Based on the identified problem and purpose, the following research question has been crafted:

*How do marketing professionals in SMEs design marketing campaigns that combine sustainability and innovation?*

### 1.5 Delimitation

To enhance relevance and viability of the study, the following delimitations have been defined: Firstly, this study focuses on SMEs operating within the consumer goods industry operating in different European countries. While the findings may offer insights applicable to SMEs in other sectors, the scope is limited to this particular industry and region, and it is important to note that this study does not delve into the differences in marketing strategies across different countries in Europe. Additionally, the research primarily investigates the integration of sustainability and innovation within SMEs marketing strategies, excluding other aspects of business operations. Furthermore, the study relies on qualitative data collected through interviews, limiting the generalizability of the findings.

## 2.0 Literature Review

*In our literature review, the researchers start by exploring how SMEs use innovation to stay competitive. This section sheds light on the significance of creativity and new ideas in helping SMEs stand out in the market. Following, the researchers dive into green marketing, discussing how SMEs are increasingly adopting environmentally friendly practices not just to meet regulations but to appeal to eco-conscious consumers and stand out in their marketing efforts. Finally, the researchers bring these two concepts together, examining what happens when SMEs combine innovation with green marketing.*

### 2.1 Method for Literature Review

The literature review was designed to systematically gather, evaluate, and integrate existing research applicable to the integration of innovation and sustainability within marketing strategies. A comprehensive search was conducted through prominent electronic databases including Google Scholar, Primo, and Scopus, which are known for their extensive archive of scholarly articles. These platforms were selected to ensure a broad coverage of both seminal and recent studies relevant to the themes of innovation, sustainability, and marketing in SMEs.

To capture a wide spectrum of relevant literature, a combination of specific keywords was employed. These included: "SME innovation", "sustainability in marketing", "green marketing strategies", and "sustainable innovation". The search terms were used in various combinations to maximize the retrieval of applicable studies. The inclusion criteria specified that articles must be peer-reviewed or published in journals to ensure the relevance and scientific rigor of the sources.

The initial search yielded a substantial number of articles, which were first screened based on their titles and abstracts. Subsequently, full texts were reviewed to ascertain their relevance to the research questions, focusing on those that provided insights into the effects of sustainability and innovation on marketing practices and strategies in SMEs.

From each article, key information such as study objectives, methodologies, findings, and theoretical frameworks was obtained. This process facilitated the identification of emerging patterns and themes, which were then categorized to highlight significant trends and gaps in the literature, thereby informing the research questions and objectives of this thesis. The entire process

was documented, with all articles organized in a comprehensive Excel spreadsheet that recorded bibliographic details, study focus, main findings, and methodological notes.

### 2.2 Innovation and Marketing Dynamics in SMEs

Innovation progresses through stages from idea generation to market implementation, significantly influencing industry organization and performance (Pacione, 2015). SMEs compared to larger corporations, often offer more favorable environments for innovation and entrepreneurial ventures, despite distinct challenges. These environments thrive not on the extensive knowledge and resources typical of large-scale operations but on the dedication and intimate collaboration among team members (Sahut & Peris-Ortiz, 2014).

Specifically, in SMEs, the ability to innovate and be creative is linked to success. Factors such as the entrepreneur's education and personal values play a pivotal role in this context (Heunks, 1998). However, the benefits of innovation in SMEs are not guaranteed and depend on several factors, including the firm's age, the type of innovation undertaken, and the cultural context, suggesting that the outcomes of innovation efforts can be diverse (Rosenbusch et al., 2011).

The alignment between innovation and marketing is pivotal in translating innovative efforts into market success for SMEs. Marketing strategies in smaller firms differ markedly from those in larger firms, especially in market planning and performance evaluation, reflecting a mix of transactional and relational approaches. This diversity necessitates tailored marketing strategies, such as the adapted '4Ps' model for SMEs by Resnick et al. (2016), which recognizes the unique demands of SMEs for self-branding and detailed market engagement (Coviello et al., 2000).

Marketing innovation, encompassing improvements in design, placement, promotion, and pricing, aims to renew customer interest and reverse sales declines, showcasing practical strategies that deliver tangible value (Naidoo, 2010). Similarly, Tsourvakas et al. (2016) approach marketing innovation as the strategic development of new marketing methods and practices, though their focus extends to the broader impact on organizational performance, particularly in the context of art organizations. Both perspectives underscore the significance of innovating marketing elements to adapt to changing consumer demands and market conditions. Medrano and Olarte-Pascual (2016) further emphasize the strategic dimension of marketing innovation. They assert that it is not only about enhancing product design, placement, promotion, or pricing but also about adopting new sales methods that are crucial for maintaining competitiveness in the dynamic business environment.

The exploration into marketing innovation reveals its multifaceted role within firms, highlighting not only its contribution to product and process innovation but also its strategic significance in fostering synergistic effects that enhance firm performance. Lee et al. (2019) demonstrates how marketing innovation amplifies the impact of new products on firm success, suggesting a dynamic interplay between different types of innovation. Weerawardena and O'Cass (2004) emphasize market-driven firms effectively utilize their marketing capabilities to navigate the competitive landscape, highlighting marketing innovation as a key strategic lever that enhances firm competitiveness and ensures long-term success.

### 2.2.1 Transformation, Assimilation and Prediction Framework (TAP)

O'Dwyer et al. (2009) introduced the Transformation, Assimilation, and Prediction (TAP) framework as a refined model to explore innovative marketing within SMEs, shifting from the initial TAPE model which included 'Exceptionality.' This change was made based on empirical findings indicating that the 'Exceptionality' component was less relevant for capturing dynamic marketing innovations in SMEs. The TAP framework effectively highlights the crucial roles of Transformation, Assimilation, and Prediction, providing a structured approach to understand how SMEs can adapt conventional marketing strategies to meet specific needs and innovate within their market environments.

Transformation within the TAP framework involves SMEs adapting their marketing strategies to remain competitive and responsive. This includes critical changes in marketing practices such as product enhancement, adjusting the marketing mix, and modifying distribution channels. For example, Mostafa (2005) and McEvily et al. (2004) discuss how product enhancement can meet market demand and elevate customer satisfaction, illustrating the direct impact of transformation strategies on market presence and consumer appeal.

Assimilation within the TAP framework, as discussed by O'Dwyer et al. (2009), embodies the thorough integration of marketing initiatives across an SME's various operational domains. This integration is essential for fostering innovative marketing strategies, which optimize the firm's resources. Assimilation ensures that innovative marketing efforts are not isolated within marketing departments but are ingrained across the organizational structure, allowing for a cohesive and integrated approach to marketing across the enterprise. Further elaborating on the concept of assimilation, "Integrated Marketing" is highlighted as the process whereby marketing activities are

not only incorporated but also synchronized across all functions of an SME (Cummins et al., 2000; Knight et al., 1995, as cited in O'Dwyer et al., 2009).

Prediction' in the TAP framework emphasizes the proactive anticipation of market trends and customer behaviors, crucial for shaping SMEs' future marketing strategies. This component requires an understanding of both market dynamics and customer needs, aiming to keep SMEs ahead in their innovative marketing efforts. Johannessen et al. (2001) demonstrate the value of aligning marketing strategies with anticipated market changes to enhance strategic marketing planning. Similarly, insights into customer preferences play a pivotal role, as Narver et al. (2004) and Martins and Terblanche (2003) highlight the importance of deeply understanding customer requirements to adapt and respond effectively, ensuring that marketing strategies precisely meet evolving customer demands and contribute to increased profitability and client satisfaction. The insights from the TAP framework will guide the analysis of SMEs strategies combining sustainability and innovation.

### 2.3 Green Marketing Dynamics

Green marketing has evolved from focusing solely on ecological concerns to embracing a broader spectrum of sustainability issues, incorporating social and ethical considerations. This expansion reflects a shift towards a more comprehensive approach to sustainability within marketing practices, aligning with the evolving consumer perceptions and the development of eco-friendly products (Kelleci & Yıldız, 2021)

Green marketing, as Prakash (2002) notes, not only promotes environmentally beneficial products but also involves understanding public policy and pricing strategies, laying the groundwork for SMEs to integrate sustainable practices within their innovative approaches. From another perspective, green marketing is initiated with the concept of green design, which emphasizes the reduction of resource usage and the incorporation of waste management practices, alongside a simultaneous approach to product development (Bhat,1993)

Negi et al. (2023) emphasize the strategic benefits of green marketing orientation, particularly its role in enhancing green innovation and organizational performance. This underscores the critical importance of embedding environmental strategies within core business operations for sustainable growth. However, the practical application of these strategies faces challenges, as Ginsberg and Bloom (2004) illustrate through consumer skepticism, which complicates aligning sustainable

products with market expectations for quality and convenience. This contrast highlights the ongoing tension in green marketing: strategic environmental initiatives can drive business and ecological benefits, yet their success is contingent upon reconciling these initiatives with consumer demands to ensure market viability.

### 2.3.1 Green Marketing Strategies

SMEs employ green marketing strategies to connect with environmentally conscious consumers by distinctly positioning their eco-friendly attributes. This approach involves a dynamic process where SMEs not only claim environmental friendliness but also demonstrate it through tangible benefits. Kalafatis et al. (2000) describe positioning as an intentional action to shape consumer perceptions, which is particularly critical in green marketing. Hartmann et al. (2005) expand on this by stating effective green positioning necessitates an active communication strategy that conveys both functional and emotional benefits related to sustainability. Differentiation is another key strategy, where SMEs use unique sustainability features of their products or services to stand out in the market. According to Dangelico and Vocalelli (2017), this competitive edge is vital for not just enhancing environmental quality but also for meeting consumer expectations.

Moreover, targeting and segmentation in green marketing extend beyond solely identifying eco-conscious consumers. As Straughan and Roberts (1999) point out, targeting also involves appealing to those impacted by sustainable features in mainstream products. Ginsberg and Bloom (2004) emphasize that for green products to appeal broadly, they must rival traditional products in quality and performance. By integrating these elements into their marketing efforts, SMEs not only address the broader challenge of communicating the synergy between innovation and sustainability but also enhance the unique value propositions of their offerings. This holistic approach underscores the significance of aligning marketing strategies with consumer environmental concerns to significantly boost green brand equity, a crucial factor for sustaining market competitiveness as identified by Nguyen-Viet (2023).

### 2.3.2 Green Marketing Mix (4 Ps)

Incorporating green marketing considerations into the traditional Marketing Mix, which includes price, product, place, and promotion, reflects a strategic adaptation towards environmental sustainability. Polonsky and Rosenberger (2001) advocate for this integration, highlighting the importance of aligning core marketing practices with eco-friendly initiatives to not only meet the

evolving consumer demands but also contribute to long-term environmental preservation. Ginsberg and Bloom (2004) further this perspective by emphasizing that a one-size-fits-all green marketing strategy does not exist; instead, companies must tailor their green marketing efforts to their specific market conditions and competitive landscapes.

The price strategy in green marketing often reflects a premium on eco-friendly products, acknowledging that consumers are willing to pay more for sustainability. This trend underscores a clear consumer readiness to pay a premium for goods that promise to align with their environmental values and offer tangible long-term advantages (European Commission, 2019). Supporting this, Hamzaoui Essoussi and Linton (2010) found that consumers' willingness to pay a premium is influenced by the product category and perceived functional risk, indicating a discerning approach to eco-friendly purchases where the type of product and its perceived efficacy play crucial roles.

Green marketing strategies emphasize not only the delivery of expected benefits but also a significant consideration of the environmental impact of products. This is emphasized by Peattie (1995), as cited in Dangelico and Vocalelli (2017), who defines 'green' products as those whose environmental and societal performance across production, usage, and disposal phases markedly exceeds that of conventional offerings. This suggests that the effectiveness of green products not only lies in their environmental credentials but also in their ability to build stronger customer connections through shared values of sustainability. Moreover, the aspect of packaging cannot be overlooked, with sustainable packaging emerging as a highly sought-after attribute of green products, underscoring the need for packaging solutions that are not only effective and efficient but also cyclic and safe (Paço et al., 2014).

The evolution of place strategies in green marketing is underscored by the significant role of reverse logistics, which marks a strategic shift towards distribution methods that prioritize environmental sustainability. This approach aims to minimize the ecological footprint of distribution processes, highlighting the growing emphasis on sustainable supply chain practices in the distribution of green products (Polonsky & Rosenberger, 2001).

To effectively address the gap of information asymmetry, the communication of green product characteristics through trustworthy third-party labeling is crucial, enhancing consumer trust and comprehension (D’Souza et al., 2007). Beyond simple labeling, ecolabels and packaging serve as key indicators of a product's environmental credentials, integrating pricing, distribution, and

promotional tactics to attract a broader audience and actively shape the market (Rex & Baumann, 2007). However, the efficacy of green marketing relies on the authenticity of its messages; generic or misleading advertising can prompt perceptions of dishonesty among consumers, resulting in adverse reactions and a decline in green purchasing intentions, highlighting the need for transparency and sincerity in environmental marketing communications (Raska et al., 2015).

This comprehensive approach to the Green Marketing Mix illustrates how SMEs can integrate sustainability into every aspect of their marketing strategy, enhancing their market presence and meeting the dual goals of economic success and environmental responsibility. This integration not only addresses the practical aspects of green marketing but also aligns with the strategic necessity of combining innovation with sustainability to meet consumer expectations and regulatory demands effectively.

### 2.4 Combining Innovation with Sustainability

Building on the foundational understanding established in the exploration of innovative marketing dynamics within SMEs and the nuanced facets of green marketing strategies, it is clear that the confluence of innovation and sustainability represents a rich area for SMEs to explore. Insights from recent studies, such as those by Nuryakin and Maryati (2022) and Negi et al. (2023), emphasize the importance of green marketing orientation in not only fostering green innovation but also in enhancing organizational performance and competitive advantage within SMEs. Similarly, De Medeiros et al. (2014) observe that modern consumers, who often adhere to green psychology, are more likely to recognize and trust companies that value sustainable marketing and the innovative products that promote sustainability. These insights are crucial as they highlight the evolving landscape of SME marketing strategies where integrating environmental sustainability becomes a pivotal element of competitive differentiation.

The literature review conducted on these two pivotal areas has discovered three principal similarities, a significant trade-off, and a one main challenge that SMEs encounter as they strive to align their marketing activities with both innovative and sustainable principles. The subsequent sections are crafted to dissect the similarities, navigate the trade-offs, and confront the challenge identified in harmonizing green marketing orientation with innovation.

### 2.4.1 Similarities in Innovation and Sustainability

In exploring the dynamic interplay between innovation and sustainability within SMEs marketing strategies, profound similarities were uncovered that underscore key marketing practices. Customer-centric approaches, focusing on meeting consumer needs (Sheth et al., 2000), long-term strategic vision, emphasizing sustainable business practices (Hart, 1995), and differentiation for competitive advantage, enhancing market positioning (Porter, 1985), are essential elements. By exploring these commonalities, the researchers gain insights into how SMEs can balance innovative solutions with sustainable practices to meet and exceed customer expectations, securing a robust position in the competitive landscape.

#### 2.4.1.1 Customer-Centric Approach

In the realm of SMEs marketing, the "Customer-Centric Approach" manifests prominently in both innovation-driven and sustainability-focused strategies, underscoring the universal importance of deeply understanding and catering to customer needs.

O'Dwyer et al. (2009) shed light on the fundamental role of "Customer Focus" within the TAP framework, where the emphasis lies on interpreting and anticipating the numerous needs of customers. This approach is pivotal for innovative marketing, as it equips SMEs with the insights needed to stay ahead, ensuring their offerings remain relevant and competitively advantageous.

Echoing this sentiment, Ottman et al. (2006) delve into the nuanced challenges faced by green marketing, particularly the need to balance environmental quality enhancement with customer satisfaction. This balance is crucial to avoid "Green Marketing Myopia," where an overemphasis on environmental benefits could potentially undermine customer appeal. Nguyen-Viet (2023) complements this perspective by highlighting the significance of aligning marketing strategies with consumer environmental concerns, a move that significantly strengthen green brand equity and underscores the necessity of a customer-centric approach in sustainable marketing.

These insights from the literature underline the shared emphasis on customer-centricity in both innovative and sustainable marketing practices among SMEs. By aligning marketing strategies with customer expectations and values, SMEs can enhance customer engagement, satisfaction, and ultimately, achieve business success.

#### 2.4.1.2 Long-term Strategic Vision

The emphasis on a "Long-term Strategic Vision" in innovation and sustainability within SMEs marketing frameworks underscores the critical role of forward-looking strategies that transcend mere immediate gains. This vision encompasses not only the pursuit of economic profitability but also a commitment to environmental and social responsibility, alongside the agility to adapt to evolving market and consumer dynamics.

O'Dwyer et al. (2009) within the TAP framework emphasize the "Prediction" aspect, which involves formulating future-oriented marketing strategies that are responsive to anticipated market trends and consumer behaviors. This anticipatory stance is crucial for staying ahead in the competitive landscape, ensuring that innovative marketing efforts are both relevant and impactful in the long run.

Martins (2022) outlines how sustainable marketing in SMEs necessitates a contrast from traditional marketing paradigms, steering towards a holistic approach that integrates environmental and social considerations into the core marketing strategy. This strategic shift not only reflects a commitment to sustainability but also aligns with the long-term vision of building brand integrity and customer trust. Furthermore, Jia et al. (2022) emphasize the importance of marketing innovations that not only address current environmental challenges but also project future ecosystem needs, advocating for a visionary approach that ensures long-term sustainability and market adaptability.

These perspectives from the literature highlight the synergy between innovation and sustainability in fostering a long-term strategic vision among SMEs. By integrating sustainability principles with innovative marketing strategies, SMEs are better positioned to achieve sustained success, balancing immediate business objectives with long-term environmental and social goals.

#### 2.4.1.3 Shared Focus on Differentiation and Competitive Advantage

Under the theme of "Shared Focus on Differentiation and Competitive Advantage," both sustainable and innovative marketing strategies in SMEs intersect on leveraging unique features to create a competitive edge in the market.

On the innovation front, SMEs prioritize refining their products and optimizing their marketing strategies to preserve their competitive edge. O'Dwyer et al. (2009) point out that this often involves the introduction of novel features or services to cater to market demands and boost consumer

satisfaction. Additionally, the intentional adjustment of the marketing mix, encompassing product attributes, pricing strategies, distribution channels, and promotional activities, is crucial in responding to the ever-changing preferences of consumers and the evolving landscape of market competition, ensuring that SMEs maintain their appeal and relevance. Complementing this perspective, Brem et al. (2016) underscore the vital role of such innovative endeavors in fostering competitive advantage, illustrating that thoughtful changes in product offerings and strategic positioning are key drivers in reshaping the frameworks and performance metrics of industries.

Sustainability further complements this differentiation strategy by incorporating environmental considerations into products and services. As Dangelico and Vocalelli (2017) note, leveraging environmental attributes distinguishes SMEs offerings in the market, providing a sustainable competitive advantage that resonates with the growing consumer preference for eco-friendly options. Polonsky and Rosenberger (2001) present green marketing as a comprehensive strategy that integrates environmental considerations into core business practices, offering a sustainable competitive edge that differentiates SMEs in the market. Building on this, Nuryakin and Maryati (2022) demonstrate that green marketing orientations significantly boost green innovation, which strengthens green competitive advantages and enhances overall green marketing performance. Moreover, Strategic collaborations between brands and resellers, as noted by Gupta et al. (2016), enhance competitiveness, showcasing how marketing innovation, when aligned with sustainability, can contribute to differentiated market strategies and sustainable competitive advantages.

Together, these approaches underscore a strategic emphasis on leveraging unique attributes for differentiation and competitive advantage. By harmonizing innovation with sustainability, SMEs can enhance their competitiveness and achieve standout market presence through distinctive and appealing offerings.

### 2.4.2 Trade-off in Innovation and Sustainability

In dissecting the balance between innovation and sustainability in SMEs marketing, the researchers encountered a critical trade-off that embodies the complexity of contemporary marketing strategies. This trade-off between the nimbleness of innovation and the steadfastness of sustainability encapsulates the dual challenges SMEs face in striving for market differentiation while adhering to environmental and social principles.

#### 2.4.2.1 Flexibility in Innovation vs. Consistency in Sustainability

SMEs face the challenge of balancing their need to be innovative with their goal to be sustainable, trying to be flexible and creative while also staying true to green practices.

Heunks (1998) states that the ability to innovate and be creative is crucial for SMEs success, emphasizing the need for flexibility in adapting marketing strategies to remain competitive. The transformation aspect of the TAP framework, as detailed by O'Dwyer et al. (2009), stresses the importance of flexibility in SMEs marketing, advocating for the continuous adaptation of strategies and practices to meet the ever-changing demands of the marketplace and maintain a competitive edge.

Conversely, sustainability demands a more consistent approach. Shields and Shelleman (2015) highlight the necessity for SMEs to methodically incorporate sustainability into their strategic frameworks, emphasizing a consistent dedication to environmental values as a cornerstone for long-term business viability and growth. Dangelico and Vocalelli (2017) complement this by stressing the importance of integrating sustainability into the Marketing Mix, requiring a steadfast commitment to environmental principles. Ebrahimi and Mirbargkar (2017) show how SMEs use their agility to innovate and pursue green entrepreneurship. While this flexibility helps them quickly adapt to market changes, it contrasts with the need for consistent sustainability practices. This highlights the challenge in balancing rapid innovation with long-term environmental commitments.

Addressing a critical trade-off, Rex and Baumann (2007) argue that the narrow focus of green marketing on ecolabels often misses broader market engagement. They suggest that expanding green marketing to encompass product innovation, competitive pricing, and effective promotion could help SMEs navigate the balance between niche market appeal and wider market penetration. This trade-off underscores the balancing act SMEs must perform between the adaptability required by innovation and the consistency demanded by sustainability. Successfully navigating this trade-off allows SMEs to blend innovative appeal with sustainability authenticity, ensuring a competitive stance in the market.

### 2.4.3 Challenge in Innovation and Sustainability

SMEs navigate the complicated task of aligning consumer expectations with the dual demands of innovation and sustainability. This exploration reveals the delicate equilibrium required between

offering cutting-edge solutions and embedding sustainable values, all within a market landscape where authenticity and integrity are paramount. Integrating sustainability and innovation requires more than just new ideas; it demands a strategic alignment of market orientation, marketing capabilities, and innovation capabilities. Ngo and O'Cass (2012) highlight the critical need for this harmonization, underscoring its importance in achieving superior outcomes in customer engagement and sustainable innovation. This alignment poses a significant challenge for SMEs, which must synchronize their internal capabilities to effectively meet and leverage market and environmental demands.

#### 2.4.3.1 Harmonizing Innovative and Sustainable Messaging

SMEs are navigating the complex landscape of aligning consumer expectations with the dual imperatives of innovation and sustainability, presenting a nuanced challenge within their marketing strategies. On the innovation front, as O'Dwyer et al. (2009) highlight, the dynamic nature of the market necessitates that SMEs continually evolve their offerings and marketing approaches to captivate consumer interest and maintain a competitive edge. This constant drive for innovation requires a proactive and adaptive marketing strategy that synchronizes with technological advancements and changing consumer preferences.

Parallel to the push for innovation is the imperative for sustainability, which involves more than just green product development. Drawing from Peattie (1995), as cited in Dangelico and Vocalelli (2017), the application of sustainable practices must be deeply embedded in all product life stages, ensuring that green products not only meet but exceed the environmental and societal performance of conventional offerings. This comprehensive approach to sustainability, emphasizing lifecycle assessments and the development of eco-friendly packaging, is crucial for minimizing the ecological footprint of products while meeting and exceeding consumer expectations for sustainability.

The intersection of these challenges underscores the necessity for SMEs to craft marketing messages that harmonize the innovative features of their products with sustainable values, ensuring neither aspect overshadows the other. Authentic green marketing communications, as emphasized by Raska et al. (2015) and D'Souza et al. (2007), play a pivotal role in this balance, requiring messages that genuinely convey the sustainable and innovative attributes of offerings. By effectively merging these dimensions in their marketing narratives, SMEs can appeal to a consumer

base that values both innovative solutions and ethical sustainability, fostering a brand image that is compelling and responsibly conscientious.

In summary, SMEs must efficiently balance the drive for continuous innovation with a deep-rooted commitment to sustainability, ensuring that their marketing strategies reflect and amplify these dual priorities. This balanced approach not only addresses the evolving needs and expectations of consumers but also positions SMEs as leaders in sustainable innovation within their respective markets.

## 2.5 Successful Integration of Innovation and Sustainability in SMEs

In the following section, the researchers explore practical applications of the theoretical concepts discussed earlier by examining case studies of companies that have successfully integrated innovation and sustainability into their business strategies. These examples not only illustrate the potential for such integration to drive both economic and environmental benefits but also demonstrate how theoretical models are applied in real-world settings.

### 2.5.1 Houdini Sportswear

Houdini Sportswear, an innovator in the outdoor apparel industry, has distinguished itself through a strong commitment to sustainability and innovative practices. With a philosophy centered around the long-term impact of its products, Houdini focuses on designing gear that combines functionality with minimal environmental impact. Houdini Sportswear exemplifies the successful integration of sustainability and innovation within its business model, employing rigorous frameworks and innovative practices that set industry benchmarks. In 2018, Houdini launched a sustainability report using the Planetary Boundaries framework, assessing the impact of their operations and setting the stage for future improvements. This framework helps Houdini prioritize actions based on the most significant environmental impacts, such as biodiversity and climate change (Houdini Sportswear, 2018). Their sustainability approach is integrated into every aspect of their operations, from material selection to product life cycle, ensuring minimal environmental impact.

Houdini's innovation is prominently showcased in their design philosophy and product development. They focus on creating versatile, durable products that support a minimalistic lifestyle and reduce environmental impact. In 2021, Houdini launched the Mono Air Houdi, an innovative fleece jacket designed to significantly reduce microfiber shedding and crafted entirely from

recyclable materials (Houdini Sportswear, 2021b). This product exemplifies their commitment to innovation that contributes to sustainability. Houdini Sportswear excels in merging sustainability with innovation, as demonstrated by their holistic approach to product design and corporate strategy. Their efforts are highlighted by their sustainable design philosophy, which ensures that all products are durable, repairable, and have a minimalistic design to reduce waste (Houdini Sportswear, 2021a). The integration of sustainability into their business model not only enhances product value but also aligns closely with their environmental goals, setting a standard for the industry.

### 2.5.2 Fjällräven

Fjällräven, although exceeding the turnover criteria for a medium enterprise by European definitions, embodies an excellent example of sustainable and innovative practices in the outdoor apparel industry. Their approach not only meets our criteria based on employee numbers but also showcases a model for integrating business success with environmental stewardship. Fjällräven exemplifies how a company can sustainably innovate while maintaining high standards of functionality and style. Through continuous improvements and a commitment to environmental and ethical standards, they set a benchmark for the integration of sustainability and innovation in the outdoor apparel industry.

Fjällräven's commitment to sustainability is evident in their comprehensive approach to minimizing environmental impacts. They have been pioneers in using recycled materials and phasing out harmful substances like perfluorinated chemicals (PFCs) across their product lines. Since 2008, Fjällräven has not used any PFCs in the production of their apparel and extended this practice to include all textiles by 2015. Their efforts in sustainability are further highlighted in their annual CSR review, where they commit to ambitious targets for reducing greenhouse gas emissions and enhancing the recyclability of their products (Fjällräven, 2022a). Innovation at Fjällräven is driven by a philosophy of creating functional, durable, and timeless products. The Kajka backpack is a prime example, known for its innovative design that includes a unique frame made from FSC-Certified birch, significantly lowering its carbon footprint compared to traditional materials. This product reflects Fjällräven's commitment to innovation, focusing on practical utility and environmental impact (Fjällräven Innovation, 2021).

Fjällräven seamlessly blends sustainability with innovation through their product designs and business model. Their Greenland Jacket, for instance, has evolved over the decades to incorporate

sustainable materials like G-1000 Eco, which uses recycled polyester and organic cotton. Additionally, the introduction of products like the Kajka backpack with a wooden frame not only innovates in terms of material use but also contributes to a reduced environmental footprint, showcasing a successful marriage of design innovation and sustainability (Fjällräven, 2022b).

# 3.0 Methodology and Method

*Within this chapter, the methodological framework employed in this study is outlined and justified. It initiates with an exploration of the research philosophy, which serves as a foundational principle informing later methodological decisions. The final section closes with an examination of the ethical considerations underpinning the study.*

## 3.1 Methodology

### 3.1.1 Research Philosophy

In scientific research, methodology is often guided by a philosophical framework called paradigm (Collis & Hussey, 2014). Our study adopts interpretivism, enabling flexibility to explore the subjective experiences of marketing professionals in SMEs, particularly concerning their perceptions and implementation of strategies integrating innovation with sustainability. Interpretivism was chosen because it aligns with the understanding that social reality is subjective and shaped by individual perceptions. This approach acknowledges the inherent connection between the researcher and the research context, recognizing the researcher's influence studied phenomenon, contrasting the positivism view of an objective, singular reality (Collis & Hussey, 2014).

Our selection of interpretivism is further reinforced by the spectrum of paradigms conceptualized by Collis and Hussey (2014), where positivism and interpretivism are positioned at opposing ends, placing our study closer to interpretivism due to its qualitative research approach and exploration of complex social phenomena. Saunders et al. (2012) define a paradigm as an approach to exploring social phenomena, facilitating the acquisition of specific insights and explanations. This resonates with our goal of deeply understanding the nuanced practices within green marketing campaigns.

The concept of research philosophy illustrates the framework within which knowledge is generated and its foundational bases (Saunders et al., 2012), guiding our selection of a philosophy that best supports our exploration of innovative and sustainable marketing practices in SMEs.

Guba and Lincoln (1994) propose that ontological, epistemological, and methodological inquiries constitute the foundational pillars of research. Collis and Hussey (2014) refer to these inquiries as philosophical assumptions. Our study adopts an interpretivist ontology, viewing reality as constructed by individuals, which is particularly relevant when examining how SMEs

conceptualize and implement sustainability and innovation in marketing. Additionally, interpretivism's preference for qualitative methods, such as semi-structured interviews, favors deeper exploration (Collis & Hussey, 2014), which is suitable for this study's objectives to explore the strategies and experiences of marketing professionals in SMEs regarding the integration of innovation and sustainability in marketing campaigns.

Building on the interpretivist framework established, we contrast this with the positivist paradigm, historically the first in research, which posits an objective reality (ontological) and aims to clarify theories of social phenomena (epistemological) through quantitative methods (methodological).

### 3.1.2 Research Approach

In research methodology, there are three primary approaches: deductive, inductive, and abductive (Saunders et al., 2012). The deductive approach aligns with the principles of positivism (Collis & Hussey, 2014) and revolves around the identification and testing of hypotheses derived from established theories (Thomas, 2006). Conversely, the inductive approach embodies the methodological stance of the interpretivism paradigm (Collis & Hussey, 2014).

Raw data, described by Kenny (2014) as the original, unprocessed data collected before any analysis, serves as the cornerstone for theory generation in an inductive approach, as noted by Collin and Hussey (2014) and Thomas (2006). The inductive approach aims to let emerging themes from raw data shape the research process by avoiding the limitations of predefined methodologies. This involves the researcher interpreting the data, which then helps identify categories that can lead to the emergence of themes and frameworks. However, it is imperative to acknowledge that the researcher's assumptions and experiences inherently shape the findings within this approach (Thomas, 2006). An abductive approach is employed when the research seeks to formulate original theories (Janiszewski & Osselaer, 2022) while also integrating existing theories with new empirical evidence to find the most suitable explanation for unexpected phenomena (Thornberg, 2012).

The research approach for our thesis embraces an inductive and abductive methodology, tailored to capture the perspectives of SMEs on the balance between innovation and sustainability in their campaign strategies. These complementary approaches enable exploration of both existing theories and potential novel perspectives emerging from empirical data, aligning with the complexity of understanding the interplay between innovation and sustainability in marketing campaigns. Moreover, by employing both inductive and abductive research approaches, our study addresses

the research question by providing a comprehensive insight into the subjective strategies and perceptions in green marketing within SMEs. The inductive approach allows us to derive insights directly from the data collected through interviews, while the abductive approach helps in identifying underlying patterns or explanations that may not be immediately evident from the data alone. Together, these approaches enhance the depth and rigor of our analysis, ensuring that we capture the richness and complexity of the phenomena under investigation.

### 3.1.3 Research Design

This study adopts a qualitative design, utilizing interviews as a primary method of data collection. The qualitative research methodology is emphasized by Collis and Hussey (2014) for its focus on understanding and interpreting phenomena through the perspectives of the individuals involved, making it an ideal approach for exploring the nuanced strategies of SMEs marketing professionals. Interviews provide a flexible and in-depth tool for delving into the intricacies of how sustainability and innovation are integrated into marketing campaigns, offering insights into the decision-making processes, challenges, and successes experienced by practitioners (Collis & Hussey, 2014). According to Jackson et al. (2007), qualitative research encompasses a range of methodologies, including interviews and observations, to gather comprehensive data on individuals' experiences, attitudes, beliefs, and behaviors. This approach aligns with our study's objective to obtain a nuanced understanding of green marketing practices within SMEs, allowing for an in-depth analysis and interpretation of the data to uncover underlying themes and patterns. The adaptability and thoroughness of interviews make them suited for comprehensively exploring the social landscape of green marketing from the participants' viewpoints, providing valuable insights into the strategies and considerations involved in balancing innovation and sustainability within marketing campaigns.

### 3.1.4 Research Strategy

The research strategy adopted for this study employs a qualitative approach, through the utilization of semi-structured, in-depth, interviews with eight targeted marketing professionals operating within SMEs in the consumer goods sector across different European countries. The marketing professionals, including Marketing Managers, Brand Managers and Marketing Consultants, are distinguished for their pivotal role in arranging and executing successful green marketing campaigns.

The interview process is thoroughly crafted to extract insights from participants, with a particularly focusing on their experiences regarding the integration of sustainability and innovation into their campaign strategies. Tailored interview questions aimed to gather comprehensive insights into the strategies, challenges, and achievements liked to integrating sustainability and innovation into marketing initiatives.

Through this approach, the aim was to uncover the nuances of the strategies employed by participants to achieve integration between innovation and sustainability, thereby contributing to the success of their green marketing initiatives. This approach not only provides valuable insights for academic research but also offers practical implications for businesses seeking to enhance their sustainability practices within marketing campaigns.

## 3.2 Method

### 3.2.1 Data Collection

Data which has not been examined before and is gathered directly by the researchers for a specific research study is known as primary data (Collis & Hussey, 2014). In this study, semi-structured interviews were selected as the primary method for data collection. The decision to use semi-structured interviews was deliberate and strategic, aiming to delve deeply into participants' experiences and strategies related to the integration of innovation and sustainability in marketing campaigns within SMEs. Semi-structured interviews offer a balance between flexibility and structure, facilitating dynamic exchange of ideas while ensuring consistent coverage of key topics across interviews (Collis & Hussey, 2014). This approach was deemed suitable for exploring the nuanced perspectives of marketing professionals in SMEs, allowing participants to express their thoughts and insights authentically. Furthermore, the choice of semi-structured interviews was motivated by the need to gather rich, qualitative data that captures the complexity of participants' experiences. Through interactive conversations, researchers could probe deeper into specific areas of interest, uncovering underlying motivations, challenges, and innovative practices.

These interviews were meticulously planned and conducted with careful consideration of factors such as participant selection, question formulation, and ethical guidelines. The interviews were conducted remotely via Zoom, a platform selected for its convenience and efficiency in enabling face-to-face interactions, facilitate in-depth discussions between participants and interviewer, despite geographical distances which a broader pool of possible participants (Archibald et al.,

2019). Given the rarity of companies engaged in both innovation and sustainability within the region of some interviewers', anonymity measures were implemented to protect the strategy and maintain the anonymity. To maintain confidentiality, the specific country of each company was not disclosed, while the broader region, Europe, was acknowledged. Additionally, as two of the interviewers are marketing consultants with varied experience, pinpointing specific companies discussed was not feasible.

### 3.2.2 Sampling Approach

Obtaining comprehensive data on a topic is often unfeasible for researchers, due to practical constraints. Instead, researchers typically select a subset of the population using either probability sampling or non-probability sampling techniques (Saunders et al., 2012). Probability sampling, also known as random sampling, ensures equal representation of individuals in the population (Thompson, 2012). Conversely, non-probability sampling methods involve subjective judgment, commonly used in qualitative research (Saunders et al., 2012).

In this study, a non-probability sampling approach was employed, aligning with the qualitative nature of the research. Various techniques exist for sample selection, including purposive sampling, volunteer sampling, and haphazard sampling (Saunders et al., 2012). Purposive sampling was chosen for this study due to the method relying on the researcher's discretion to select participants based on criteria's who they believe can offer insights relevant to the research question (Collis & Hussey, 2014; Saunders et al., 2012). Purposive sampling allows for a targeted selection of participants aligned with the research's goals and objectives, enhancing the credibility and trustworthiness of the study. By thoughtfully selecting participants, meaningful and relevant data can be collected, closely adhering to the research methodology and objectives. This approach plays a vital role in ensuring the quality and integrity of qualitative research, facilitating a purposeful selection of participants (Campbell et al., 2020). Table 1 presents the selection criteria for our sample group.

**Table 1:** *Sample selection criteria developed by researchers.*

| Criteria | Explanation |
|---|---|
| **Professional Experience** | Candidates with at least three years of experience in marketing roles within SMEs known for their commitment to sustainable practices. |
| **Campaign Involvement** | Professionals who have contributed significantly to marketing campaigns noted for their creativity and impact in conveying sustainability messages. |
| **Sector Diversity** | To ensure a broad perspective, professionals from various niches within the sustainable and consumer goods sector, including but not limited to eco-friendly apparel, biodegradable home products, sustainable tech gadgets, and organic personal care items are selected. |

In selecting SMEs as the focal point, the researchers aimed to delve into the specific challenges and opportunities faced by these enterprises in integrating sustainability and innovation into their marketing strategies. For the scope of this study, SMEs are defined according to the European Commission's criteria, classifying enterprises with fewer than 250 employees but more than 10 employees as SMEs. Additionally, SMEs are identified based on specific financial thresholds, including a turnover ranging from 3 to 50 million euros or a balance sheet total between 3 and 43 million euros (European Commission, n.d.). By focusing on SMEs, the researchers sought to provide insights that were not only academically valuable but also practically relevant to businesses operating within this sector. A campaign in the context of our study is characterized by the criteria found in Table 2.

**Table 2:** *Campaign criteria developed by researchers.*

| Criteria | Explanation |
|---|---|
| **Sustainability Focus** | Initiatives that actively promote the eco-friendly attributes and environmental advantages of their offerings, aiming to increase consumer awareness and encourage eco-conscious behaviors. |
| **Innovation Highlight** | This encompasses not just novel products, but also pioneering processes and business models that advance sustainability. It's about showcasing how companies lead in integrating eco-innovation across their operations and offerings, making sustainability an integral part of their value proposition. |
| **Targeted Communication** | Strategic use of various communication channels to deliver messages tailored to audiences who value sustainability and innovation, ensuring that the campaign resonates with and engages the intended demographic. |

The objective for the study was to recruit a sample size of 10 individuals for the interviews. In total, 49 marketing professionals who met the sampling criteria were contacted via Email and LinkedIn. Among these, 12 declined participations, while eight consented to the interview. The remaining 29

individuals did not provide a response. Due to the response rate, the research proceeded with a sample size of eight participants, aligning closely with our objective size which was determined through various considerations. Firstly, selecting a manageable number of participants within this range was crucial for ensuring effective data collection and analysis within the confines of the research timeline. This decision strikes a balance between comprehensively capturing diverse perspectives within the consumer goods sector and the practicality of recruiting participants willing to engage actively in the research process.

Although the sample size may appear small, the study aims to conduct an in-depth exploration of each participant's experiences and insights. This focused approach facilitates a thorough examination of individual narratives and perspectives, fostering a nuanced understanding of the research phenomenon. Moreover, the inclusion of participants from different niches within the consumer goods sector will ensure a diverse and comprehensive dataset, encompassing a wide range of viewpoints and experiences.

The participants were identified through targeted online searches using key terms like 'sustainable innovative products,' followed by company website research and contacting relevant personnel via LinkedIn or company websites. In our initial communication, we introduced ourselves, outlined our research focus, and emphasized the alignment of our study with their professional roles and company interests. To ensure their suitability for the study, we requested confirmation that the participant had been working in the field for a minimum of three years, a criterion for our research. We explained that the interviews would take place on the online platform Zoom, providing them with the opportunity to share their insights and experiences on the subject matter. Additionally, the researchers assured anonymity for both participants and their respective companies and offered to provide them with the finalized thesis upon its completion.

### 3.2.3 Interviews

Saunders et al. (2012) argue for semi-structured interviews being an approach allowing for in-depth understanding of participants insights. Questions are used during the approach as a guide to stimulate participation, supplemented by additional questions formulated during the interview (Collis & Hussey, 2014). Because this approach provides the possibility for in-depth insight into the knowledge and experience of each participant, this was the choice for the research. The

interview employed questions as a key to guidance; however, each interview became unique in its way due to the allowance of flexibility and follow-up questions depending on the responses and interactions throughout each interview.

Prior to the interviews, when zoom meetings were scheduled, the researchers obtained informed consent from each participant while also sending out the questions to ensure comprehensive and thoughtful responses. The interviews later on were approximately 35 minutes long which can be seen in Table 3, aiming for depth rather than breadth to gain meaningful insights. Given the time constraint, the focus laid on two to three questions per dimension, allowing approximately five minutes per question. This would mean selecting the 10 most critical questions across all dimensions that align best with our research objective. The questions that guided our interviews derived from our literature review and can be found in appendix 1.

To ensure the effectiveness and relevance of our interview questions, the researchers sought input from a marketing professional before conducting any interviews. This input helped us craft questions that were practical and free from preconceptions or bias, ensuring they were grounded in real-world experience. This proactive step aimed to enhance the quality and depth of the interview process, ensuring that the questions captured the nuances of the participants' experiences and insights.

The accuracy and completeness of our data was ensured by recording all interviews with participants' consent. This recording capability allows for precise capture of responses, minimizing the risk of losing valuable insights during transcription. Following each interview session, recordings were securely stored and transcribed verbatim to preserve the integrity of the data. Transcriptions were later meticulously conducted, capturing both verbal and non-verbal cues to provide a comprehensive dataset for analysis. Furthermore, to uphold confidentiality and privacy, participants' identities were anonymized during transcription and data analysis processes.

**Table 3:** *Overview of role of participants and length of interviews.*

| Participant | Role | Lengh of Interview |
|---|---|---|
| P1 | Marketing Manager | 39 minutes |
| P2 | Marketing Consultant | 43 minutes |
| P3 | Brand Manager | 35 minutes |
| P4 | Marketing Consultant | 37 minutes |
| P5 | Marketing Manager | 34 minutes |
| P6 | Marketing Manager | 33 minutes |
| P7 | Brand Manager | 31 minutes |
| P8 | Marketing Manager | 29 minutes |

### 3.2.4 Data analysis

The collected data underwent thematic analysis, a method chosen for its effectiveness in identifying patterns, themes, and connections within the dataset. Thematic analysis is particularly well-suited for delving into rich textual material, enabling a comprehensive understanding of participants' experiences, views, and perspectives (Castleberry & Nolen, 2018). When analyzing the dataset, the researchers based their interpretation on steps outlined by Braun and Clarke (2006) found in Table 4.

**Table 4:** *Description of the analyze process by Braun and Clarke (2006)*

| Phase | Description of the process |
|---|---|
| 1. Familiarizing yourself with your data: | Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas. |
| 2. Generating initial codes: | Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code. |
| 3. Searching for themes: | Collating codes into potential themes, gathering all data relevant to each potential theme. |
| 4. Reviewing themes: | Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis. |
| 5. Defining and naming themes: | Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme. |
| 6. Producing the report: | The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis. |

The thematic analysis, following Braun and Clarke's (2006) framework, commenced with data familiarization. Researchers engaged in repeated readings to gain a comprehensive understanding of the data, noting emerging concepts and trends. Subsequently, initial coding was conducted, wherein significant segments of data were meticulously categorized, and specific codes assigned to capture essential insights and patterns. This approach is suitable for our dataset because it allows

for a systematic exploration of the qualitative data gathered from interviews, enabling us to uncover the underlying meanings and interpretations embedded within participants' responses. By organizing codes into potential themes, thematic analysis facilitates the identification of overarching patterns and connections, contributing to a deeper understanding of the phenomena under investigation.

Furthermore, thematic analysis aligns with the interpretivist paradigm adopted in this study, which emphasizes understanding the subjective perspectives and social constructions of reality. By focusing on identifying and interpreting patterns of meaning within the data, thematic analysis supports our goal of exploring how marketing professionals conceptualize and implement sustainability and innovation in their campaigns within the context of SMEs.

Moreover, investigation triangulation was employed during the analysis process, where each researcher independently analyzed data to ensure reliability and consistency in the interpretation. Once themes were established, the data underwent interpretation. This phase involved discerning meanings, patterns, and variations, closely linked to theoretical frameworks and research objectives.

In conclusion, thematic analysis proved to be a flexible and iterative process, allowing for continuous refinement of themes in response to emerging insights and research aims. Its suitability for our dataset lies in its ability to uncover and elucidate the complex themes and patterns inherent in qualitative data, ultimately enriching our understanding of the research phenomena.

### 3.3 Research Ethics

Research ethics encompasses guidelines for behavior that consider both research participants and any external parties that may be impacted by the research (Saunders et al., 2012). This study upholds ethical integrity through various measures. Prior to conducting interviews, all participants were presented with a GDPR consent form containing detailed information about the research scope, objectives, and the understanding that the research findings would be made publicly available, all to guarantee transparency for participants involved. Furthermore, participants were assured of anonymity and granted the right to withdraw their consent at any stage before research publication, in accordance with the concept of informed consent (Bell & Bryman, 2007; Saunders et al., 2012).

Additionally, this study addressed potential ethical issues inherent in engaging with marketing professionals and discussing company strategies. Measures were implemented to safeguard the confidentiality of sensitive company information shared during interviews, and participants were informed that their responses will be anonymized to protect proprietary data. Participants were assured that the data collected would be retained only for the duration necessary for the research purposes, after which it would be securely disposed of. Moreover, efforts were made to establish transparent and respectful communication with participants, emphasizing ethical conduct throughout the research process.

## 3.4 Quality and Trustworthiness

Assessing the quality and demonstrating the trustworthiness of research findings are crucial endeavors in qualitative research (Collis & Hussey, 2014; Saunders et al., 2012). Four key criteria have been identified to meet these requirements: credibility, transferability, dependability, and confirmability, given that these are particularly pertinent within the interpretivism paradigm (Lincoln & Guba, 1985).

### 3.4.1 Credibility

Credibility refers to the completeness and truthfulness of the collected data. Triangulation, a method utilized in qualitative research, can enhance credibility by validating findings from various sources of data, different research methods or having more than one researcher within the study. One form of triangulation, known as investigator triangulation, was utilized in this study and involves independent analysis of data by multiple researchers to ensure coherence in the conclusions drawn (Collis & Hussey, 2014).

Additionally, this research strengthens its credibility by ensuring that all participants are fully informed about the study and their right to withdraw before consenting to participate, an approach as highlighted by Shenton (2004) to fosters honesty among participants.

### 3.4.2 Transferability

Transferability is essential in qualitative research, referring to the applicability of a study's findings to different contexts or individuals **(**Lincoln & Guba, 1985). The sample within this study aimed to employ the maximum variation sampling, explained by Guest et al. (2006) as a concept to capture diverse experiences and insights within the topic. Additionally, detailed descriptions of

research methodologies, including sampling strategies and both collection and analysis of data, were provided to aid readers in understanding the transferability of findings. To explain themes and conclusions, quotations from participants are outlined within the study. The study's transferability can be enhanced by this approach, as it furnishes readers with a deeper insight into the data (Patton, 2002). However, it is important to note that while no qualitative approach can ensure full transferability (Lincoln & Guba, 1985), the methodologies employed in this study aim to enhance the transferability of the findings.

### 3.4.3 Dependability

Dependability, focusing on the consistency and stability of findings over time and across researchers, is critical in qualitative research (Lincoln & Guba, 1985). To ensure the dependability of the study, various techniques were employed. These include maintaining clarity and consistency in both data collection and analysis methods, accompanied by careful documentation. Further, a coding system was utilized to ensure the replicability of findings by external parties (Miles & Huberman, 1994). Additionally, the study's use of triangulation as in involving various researchers within the analyzing phase, was utilized to minimize bias and ensure dependability in findings accurately reflected the phenomena under examination. (Lemon & Hayes, 2020)

### 3.4.4 Confirmability

Confirmability is akin to objectivity and is pertinent in qualitative studies, emphasizing the documentation of the research process and ensuring findings are grounded in raw data (Collis & Hussey, 2014; Shenton, 2004). A part of confirmability is to ensure the researchers' biases do not affect the results (Tobin & Begley, 2004). This aspect can be established by describing exactly how the raw data was analyzed and using direct quotes from it (Cope, 2014), a practice implemented within this research.

Shenton (2004) underscores the significance of triangulation, alongside credibility and dependability, in achieving confirmability by minimizing the influence of researcher biases. As noted, this research adopts triangulation to ensure findings are firmly rooted in participants responses. Moreover, the methodological choices within this research are thoroughly described, demonstrating the researcher's awareness of strengths and weaknesses in the methods chosen, an approach to use to further improved confirmability (Shenton, 2004).

## 4.0 Empirical findings

*The following chapter presents the empirical findings of this study, derived from in-depth interviews conducted with participants. The analysis followed a thematic approach where initial codes were developed based on the literature review and further refined to capture new insights from the interview data. Both established and emergent themes are discussed to provide a comprehensive understanding of the market-driven innovation in SMEs.*

This chapter is structured to first explore the core themes identified from the literature—such as Customer-Centric Approach, Long-Term Strategic Vision, and Differentiation and Competitive Advantage. Each theme is dissected to reveal the underlying motivations and strategies as articulated by the interviewees. Following this, the chapter introduces a newly emerged theme, 'Market-Driven Innovation,' which encapsulates additional insights that were not initially anticipated but became apparent through the data collection process. This new theme highlights how SMEs leverage real-time market data and customer feedback to drive their innovation strategies, ensuring that their product adaptations and market responsiveness align with evolving market demands and consumer preferences. The discussion includes how these themes interact to shape the strategic approaches of SMEs in a competitive landscape.

**Table 5:** *Coding and Themes derived from the interviews.*

| Code | Theme |
|---|---|
| Innovation Feedback, Material Changes, Channel Integration, Satisfaction Balance, Campaign Influence, Gathering Challenges, | Customer-Centric Approach |
| Trend Alignment, Strategic Innovation, Brand Transparency, Journey Engagement, Sustainability Metrics, Adoption Strategies | Long-term Strategic Vision |
| Brand Differentiation, Feature Showcase, | Differentiation and Competitive Advantage |
| Innovation Balance, Sustainability Consistency | Flexibility vs. Consistency |
| Messaging Innovation, Narrative Balancing, Integration Clarity | Harmonizing Messaging |
| Feedback Metrics, Market Responsiveness, Product Adaptation, | Market-Driven Innovation |

### 4.1 Customer-Centric Approach

SMEs actively harness customer feedback to innovate and enhance sustainability in their product lines. Insights from marketing professionals reveal the pivotal role of customer feedback in refining products and in shaping marketing strategies that resonate with consumer values. These processes involve complex challenges, including ensuring the representativeness of feedback and balancing customer satisfaction with sustainability goals, all while employing diverse methods to gather and assess the impact of these initiatives on business success.

The significance of customer feedback as a catalyst for sustainable innovation is repeatedly emphasized by several participants in the study.

*"[...] customer feedback is integral to our development process [...]" - P1*

This statement reveals how deeply customer feedback penetrates the development process, influencing decisions from initial concept to final product. Similarly, the practical application of such feedback is evident in specific changes companies have made:

*"[...] we innovated a new type of packaging material that maintained our sustainability standards but increased durability [...]" - P1.*

Moreover, feedback has also led to the adoption of new materials that align with both sustainability goals and user preferences:

*"[...] the innovation came from integrating a new, lighter material made from recycled nylon [...]" - P2.*

These instances exemplify the tangible actions taken by SMEs in direct response to customer input, showcasing their agility and commitment to sustainable practices that resonate with consumer values. Building on the highlighted importance of customer feedback, SMEs demonstrate a strong commitment to innovation, particularly when it translates into tangible enhancements in product design and environmental impact. Initiatives spearheaded by customer input not only serve to address functional issues but also act as a testament to the adaptability and forward-thinking nature of these enterprises.

*"[...] It definitely was a challenge, but also an opportunity for innovation. We took this feedback seriously and went back to the drawing board [...]" – P4*

This approach signals a dynamic environment where feedback is not merely an afterthought but a key driver of the development process. The interviews reveal this dedication to responsiveness and creativity in addressing customer needs.

*"[...] The problem was not just in sourcing the recycled nylon but ensuring that it met our standards for quality and performance [...]" - P2*

This highlights the complexities behind implementing feedback into tangible product improvements. Innovation, in this context, emerges from a deep engagement with both material properties and customer expectations. Another participant details the direct influence of feedback on marketing strategy:

*"[...] We noticed a trend in the feedback where customers expressed a growing concern for products that are not only made sustainably but also contribute to conservation efforts [...]" – P5*

Here, customer feedback steering not just product innovation but also shapes the narrative of marketing campaigns, underscoring a commitment to conservation that resonates with customer values. These examples underscore the dynamic nature of SMEs in adapting their products and campaigns to meet and often exceed, customer expectations in sustainable innovation. Furthermore, the integration of such insights into product development signifies a strategic approach to continuous improvement. Across the board, companies are not just passively collecting feedback; they are actively engaging with it.

*"[...] We hold regular cross-functional team meetings where this feedback is discussed in detail. This approach ensures that the voice of the customer is integrated into every stage of the product lifecycle[...]"- P1*

This statement conveys the structured and systematic inclusion of customer perspectives, infusing their voice into every facet of product development. Furthermore, the methods of gathering feedback are diverse and comprehensive:

*"[...] We actively seek out customer feedback through multiple channels, including post-purchase surveys, social media, and direct customer service interactions."– P7*

The multiplicity of channels ensures a rich selection of customer opinions, forming a bedrock for product evolution. By adopting such multifaceted feedback mechanisms, SMEs demonstrate their

dedication to forging products that are not only high in quality but also closely aligned with customer experiences and expectations. This is a clear reflection of their customer-centric approach, weaving customer feedback into the fabric of their development processes. In the continuous quest to harmonize customer satisfaction with ecological integrity, SMEs demonstrate a conscientious effort to strike a meaningful balance. Reflecting this delicate equilibrium, one participant shared:

*"[...] It's all about finding that sweet spot where customer satisfaction aligns with our sustainability objectives." – P3*

This sentiment is a testament to the strategic navigation companies undertake to meet consumer needs while steadfastly upholding their sustainability pledges. To bolster this balance, transparent communication emerges as a critical bridge:

*"[...] We prioritize transparency with our customers about the challenges and our commitments. This open communication builds trust and allows us to educate them on why certain choices are made [...]" – P2*

Open dialogues about the intricacies of sustainable practices foster a culture of informed consumerism and shared responsibility. Through these interactions, SMEs not only fortify trust but also cultivate a supportive community of consumers who champion their vision of sustainability.

### 4.2 Long-term Strategic Vision

SMEs are increasingly recognizing the importance of integrating long-term strategic visions into their business models, particularly concerning sustainability and market adaptability. These long-term strategies are not just about responding to immediate market demands but also about anticipating future challenges and opportunities to ensure sustainable growth and resilience. By intertwining innovation and sustainability into their strategic frameworks, SMEs underscore their interconnected roles in shaping both proactive and adaptive long-term strategies.

Insights from industry professionals underscore the significant role that both predictive market intelligence and responsive consumer insight play in guiding SMEs towards sustainability and innovation.

*"[...] It's essential that we stay agile; […] our market doesn't stand still, and neither can we. We're constantly analyzing market trends and customer feedback to steer our innovation and sustainability efforts[...]"* – P4

This dynamic approach enables businesses to anticipate market shifts and customer preferences, informing strategic decisions that sustain growth and market position.

*" Our approach has always been to look ahead. We leverage predictive analytics to identify upcoming trends in sustainability, which allows us to be one step ahead in our product development."* – P6

*"[...] We've had to forecast trends and consumer preferences, sometimes years in advance, to ensure that our sustainability efforts aren't just current but are leading the way[...]"* – P3

This insight emphasizes the necessity of foresight in sustainability efforts, where understanding and predicting future trends provides a strategic advantage:

*"[...] When it comes to sustainability, our goal is to stay ahead of both regulations and consumer expectations [...]"* – P8

The commitment to future-oriented sustainability initiatives is a testament to the strategic depth within these enterprises:

*"[...] We've started using recycled materials in ways that consumers haven't even started asking for, but we know they'll value[...] " – P2*

These perspectives unite into a strategic vision that prioritizes sustainability and innovation as essential drivers of proactive and long-term business planning. As the strategic vision of SMEs evolves, the melding of technological innovation with sustainable practices emerges as a defining characteristic of contemporary business models. Enterprises are not only deploying new technologies as part of their growth strategy but are doing so with a strong commitment to sustainability that permeates their culture and operations.

*"[...] Incorporating new technologies into our product development is a given, but we're also committed to ensuring that each innovation carries us further on the path of sustainability [...]"* – P4

This dedication is representative of a shift towards energy efficiency and environmental stewardship, aligning business growth with ecological responsibility.

*"[...] For example, our switch to solar energy was a technological leap, but it was equally a step toward our sustainability targets, reducing our carbon footprint significantly[...] "* – P7

In driving the sustainability agenda forward, businesses are taking on pioneering roles, not merely adopting but setting new standards in green technology.

*" [...] It's not just about using green technologies; it's about leading their development. That's where true innovation in sustainability lies [...]"* – P6

The synthesis of technological innovation and sustainability defines a new paradigm for business success, one that balances profitability with planet-friendly practices. It's a strategic approach that leverages the latest technological advancements while also forging a sustainable path for the future—a dual focus that is becoming increasingly essential in today's market. Nevertheless, SMEs adopt diverse strategies towards sustainability, with some integrating it from the outset and others evolving their practices in response to changing market demands and regulatory landscapes.

*"We begin by defining clear long-term goals that align with our mission of sustainability."* – P3

Conversely, other businesses adopt sustainability practices over time, influenced by evolving market demands and external pressures. This adaptive approach is characterized by a continuous evaluation of technological advancements and consumer preferences, which guide the gradual integration of sustainability into existing operations.

*"[...] We continuously monitor advancements in sustainable technologies and shifting consumer preferences. This ongoing evaluation allows us to adapt our strategies as needed."* – P2

These narratives underscore how SMEs navigate sustainability, adopting practices that best fit their operational ethos and market positioning, whether through immediate integration or gradual adaptation. This strategic approach is deeply intertwined with engaging customers and evaluating the impacts of sustainability efforts, ensuring that innovations are not only environmentally impactful but also resonate strongly with consumer values and long-term business sustainability.

One participant describes an innovative approach to customer engagement that emphasizes the long-term sustainability goals:

*"[…] we decided to focus on a campaign around 'sustainability as a service'. Instead of just selling eco-friendly products, we introduced a subscription service. This allows customers to return used items for recycling or refurbishing. It's a great way to extend the life of the products and keep us connected with our customers for longer [...]"* – P1

This approach highlights how direct involvement with sustainability initiatives can deepen customer relationships:

*"...It's about more than just a single product or campaign; we try to develop a brand identity centered around innovation and responsibility that really resonates with our customers."* – P1

The effectiveness of such strategies is closely monitored to determine their long-term impact:

*" […] We measure the success of our campaigns by looking at both the hard numbers—like subscription rates and fewer product returns—and the softer measures, like customer loyalty and brand perception."* – P1

*"[…] We look at several indicators, including sales growth, customer feedback, and engagement with our marketing content, especially educational materials. We also track how these features influence repeat purchases and referrals, which tells us a lot about customer satisfaction and the perceived value of our innovations."* – P7

This strategic approach highlights how SMEs are not only adapting to market changes but also proactively shaping their sustainability practices. By engaging customers and closely monitoring the effectiveness of their initiatives, these businesses align their operations with both immediate needs and future goals.

### 4.3 Differentiation and Competitive Advantage

In a marketplace where distinctiveness is key, SMEs achieve competitive advantage through a strategic synthesis of innovation and sustainability. This integration not only distinguishes their brands but also resonates deeply with consumers, who are increasingly attuned to environmental and technological advancements. By tailoring their campaigns and responding dynamically to market trends, these companies not only highlight their unique value propositions but also adapt swiftly to maintain relevance and appeal across diverse consumer segments.

Leveraging a combination of innovation and sustainability, SMEs create distinct value propositions that clearly differentiate their brands in highly competitive markets. This strategic blend not only meets but anticipates consumer expectations, aligning with growing environmental awareness and the demand for innovative solutions.

*"[...] We see these aspects not as separate but as intrinsically linked, particularly in today's market where consumers are increasingly concerned about environmental issues. By combining these elements, we create a compelling value proposition that differentiates our brand [...]"* – P7

Recognizing the unique position this combination offers, businesses are not just responding to trends but are setting them, using their dual focus as a key point of distinction from competitors.

*"[...] In our campaigns, we emphasize both innovation and sustainability. We believe that these two elements are not mutually exclusive but rather complement each other to create a compelling brand identity. Highlighting both allows us to connect with a wider audience and differentiate ourselves in the market [...]"* – P2

This approach is instrumental in connecting with a broader audience, where different segments may value one aspect over the other, yet all appreciate the holistic benefits.

*"[...] One of our most successful campaigns was for a new line of hiking boots that featured soles made from recycled rubber and uppers crafted from sustainable sourced leather. This approach worked well with both tech-savvy and eco-conscious consumers, effectively distinguishing our boots from the competition. [...]"* – P2

The strategic use of innovation and sustainability not only enhances brand appeal but also cements a company's reputation as a forward-thinking leader in its industry.

*"[...] This dual focus has become a significant differentiator for us. [...]"* – P6

By embedding these values into their products and messaging, SMEs ensure that their offerings are not merely products but are representative of larger, positive changes in both technology and sustainability practices. This not only strengthens customer loyalty but also positions these brands as pioneers in their respective fields. Crafting campaigns that showcase both innovation and sustainability allow companies to connect with diverse consumer bases, each valuing different

aspects of the product. This strategy effectively sets brands apart in crowded markets by emphasizing the dual benefits that resonate with varied consumer preferences.

*"[...] We used smart technology to grab the attention of tech-savvy consumers looking for the latest innovations, and we chose recyclable materials to appeal to those who care about the environment. Our campaign really highlighted how these features are good for the user and also help the environment [...]"* – P1

This dual focus is not merely a marketing tactic but a fundamental expression of the brand's core values, which appeal to both eco-conscious and technology-oriented segments.

*"[...] For products where technological innovation is groundbreaking, like our new lightweight designs, we might lean more heavily on the innovation aspect. However, for products designed primarily for eco-conscious consumers, we focus more on the sustainability features [...]"* – P2

*"[...] if the product's primary appeal is its environmental impact, like reduced energy consumption, then sustainability becomes the focal point [...]"* – P4

By strategically balancing the emphasis on sustainability and innovation, companies ensure that their campaigns are not only inclusive but also highly targeted.

*"[...] We tailor our messages based on the specific interests and values of different customer segments. For some, the innovative aspects of a product might be more appealing, like how new technology can make their lives easier or more efficient. For others, the sustainability angle might be more compelling—how using the product reduces their carbon footprint or supports ethical practices [...]"* – P5

Through these targeted campaigns, SMEs demonstrate a keen understanding of market dynamics and consumer preferences, which aids in crafting messages that are both engaging and aligned with the brand's unique selling propositions.

*"[...] We use various media formats to reinforce the message, such as video demonstrations that shows the benefits, together with customer testimonials that add a personal touch and build trust [...]"* – P8

The integration of diverse media enhances the message's impact, ensuring that the benefits of both innovation and sustainability are communicated clearly and effectively, further distinguishing the

brand in a competitive landscape. In response to rapidly changing market dynamics, SMEs strategically emphasize different facets of their offerings—whether innovation, sustainability, or both—to maintain a competitive edge.

### 4.4 Flexibility vs. Consistency

In navigating the trade-off between innovation and sustainability, SMEs face the challenge of adapting quickly to market demands while maintaining consistent sustainability practices. These strategic responses are crucial in redefining product positioning and aligning with consumer expectations, which are increasingly focused on both technological advancements and environmental responsibility.

Through these strategic adaptations, SMEs effectively manage the dual objectives of innovation and sustainability, thereby enhancing their market competitiveness and brand reputation. The dynamic approach to marketing innovations reflects a deep understanding of the need to balance market-driven innovations with long-term sustainability commitments.

*"[...] Introducing new innovations often requires us to rethink how we approach our marketing [...]"* – P3

This strategic approach to market adaptations underlines the necessity of balancing innovative product features with robust, clear, and educational marketing strategies that resonate with evolving consumer values. In the delicate equilibrium between pushing technological boundaries and upholding sustainability, SMEs are tasked with a strategic balancing act that demands both agility and foresight. This dual commitment ensures that innovative leaps forward do not eclipse the sustainability ethos that increasingly defines brand integrity and customer loyalty.

*"[...] Introducing a big innovation means we really need to rethink our marketing approach to properly educate consumers on the benefits and the science behind [...]*" – P5

SMEs must carefully integrate new innovations into their product lines without compromising their sustainability commitments. This often involves a complex blend of promoting new benefits while maintaining the established sustainability narrative.

"*[...] This innovation wasn't just a new feature; it represented a major shift in how we approached product sustainability. We had to shift towards a more educational approach, explaining the benefits and importance of biodegradability in everyday products [...]"* – P2

Balancing the promotion of both innovative and sustainable aspects in products is crucial, as marketing strategies must adapt to the continuously evolving sustainability standards and consumer expectations.

"*[...] Another challenge is staying ahead of the curve as sustainability standards and consumer expectations continue to evolve [...]*" – P3

This balance is crucial not only for customer acquisition but for maintaining trust and loyalty in a market where sustainability credentials are closely reviewed and highly valued by consumers.

"*[...] Our approach leads us to be more cautious in how we communicate our sustainability efforts. We focus on being transparent and honest, and we avoid exaggerating our achievements or making broad claims about our impact [...]*" – P5

*"[...] There's also the challenge of making sure that our sustainability claims are always backed by transparent, verifiable data to avoid accusations of greenwashing [...]"* – P6

As SMEs venture into new market territories with innovative products, the challenge of maintaining a consistent sustainability message becomes paramount. This balance is crucial for sustaining brand integrity, particularly in a consumer environment that reviews sustainability credentials meticulously. In a market that values both innovation and sustainability, firms must navigate these dimensions carefully to ensure their brand's integrity remains intact despite the allure of new technological advancements.

*"[...] Before, our campaigns were all about how energy-efficient our product is. But with this new feature, we also had to reach out to consumers who care as much about sustainability as they do about tech sophistication [...]*" – P3

Ensuring that innovations align with sustainability goals is a delicate balancing act that requires thoughtful marketing strategies and clear communication.

"*[...] The innovative aspect was important for performance benefits, but we also had to maintain our sustainability commitments, emphasizing long-term benefits like reduced injury risks and product longevity [...]"* – P6

The ability to maintain a consistent message on sustainability amidst innovation is not just about marketing; it's about embedding these values deeply into the brand narrative.

*"[...] We've moved from simply highlighting sustainable features to creating a narrative of sustainability throughout all our communications. This shift ensures our commitment is evident not just in individual products but across the product lifecycle, from design to disposal [...]*" – P1

By doing so, SMEs not only foster trust and loyalty among their customer base but also position themselves as leaders in both innovation and sustainability, ensuring their market competitiveness and brand reputation are enhanced.

### 4.5 Challenges in Harmonizing Messages

In today's market, brands face the complex challenge of harmonizing messages of innovation and sustainability in their marketing strategies. Brands are continually innovating within their sustainability narratives, strategically balancing consumer expectations with clear and cohesive messaging, and maintaining brand integrity by integrating these dual aspects in a way that enhances relevance and appeal. Companies strive to innovate both in product development and in the way they communicate their commitment to sustainability.

*"[…] Keeping the message fresh is all about innovation in how we present our sustainability efforts. We continuously look for new stories to tell about our sustainability journey, like achieving new certifications or launching community initiatives.*" – P1

To keep the sustainability message relevant, companies employ various strategies to captivate and maintain consumer interest, ensuring that sustainability efforts remain at the forefront of consumer awareness without becoming monotonous.

"*[…] depends on the product and the target audience. We generally try to integrate both elements because they align with our brand ethos and speak to a broader market interest."* – P5

"*We try to integrate both elements whenever possible because we believe they reinforce each other and reflect our brand's values."* – P1

The impact of these efforts is rigorously measured through engagement rates and direct consumer interactions to ensure the messaging continues to resonate effectively with the target audience.

*"We measure the impact through various metrics, including engagement rates on sustainability-focused content, sales data for products highlighted in these campaigns, and direct customer feedback […] "* – P7

*" […] We also track how these campaigns affect our brand's reputation, particularly related to innovation and sustainability, using customer surveys and focus groups […]* " – P4

Through a combination of ongoing innovation in messaging and rigorous measurement of impact, companies can ensure their sustainability narratives remain vibrant and effective, engaging consumers with fresh, compelling content that drives both brand loyalty and sustainable practices. Furthermore, brands face the delicate task of aligning their marketing messages with evolving consumer expectations. The strategic emphasis on either innovation, sustainability, or a combination of both is not merely a marketing choice but a response to consumer preferences and market dynamics. This alignment ensures that messaging not only resonates with current consumer values but also effectively communicates the competitive advantages of the products.

*"[…] We conduct market research, including consumer surveys and focus groups, to understand what our customers value more […]"* – P2

This approach highlights the dynamic nature of consumer-driven marketing strategies, where understanding and reacting to market trends is crucial for maintaining relevance and appeal. Brands meticulously assess consumer feedback to decide the focus of their campaigns, ensuring that each message is finely tuned to meet the expectations of their audience.

*"[…] For each campaign, we start by identifying the key selling points of the product—what makes it unique and how it aligns with our customers' needs and values […] "* – P1

This approach ensures that promotional messages are fine-tuned to meet consumer expectations by testing campaign strategies before they go live, enabling quick adjustments based on real-time feedback.

*" […] To ensure balance, we now implement more rigorous pre-launch testing of our campaign messages and keep a close eye on real-time engagement metrics once the campaign is live. This*

*allows us to make adjustments rapidly if we see certain aspects of the message are not resonating as expected."* – P2"

In merging the narratives of innovation and sustainability, companies are tasked with crafting messages that articulate a seamless and engaging story. It's a strategic endeavor to create a dialogue that captures the essence of both elements, resonating with the values and interests of their audience.

"*[…] Ensuring an authentic message is important; it's about avoiding clichés and the pitfall of greenwashing.[…]"* – P1

### 4.6 Market-Driven Innovation

Building on the initial discussions from our interviews, Market-Driven Innovation emerges as a crucial addition, highlighting how SMEs leverage real-time data and market trends to drive their innovation strategies. This theme illustrates how businesses utilize feedback effectiveness metrics, adapt strategies to market dynamics, and launch innovative products to stay competitive. These efforts are underpinned by a sophisticated approach to collecting and analyzing customer feedback, ensuring that innovations are both relevant and precisely aligned with consumer expectations. As SMEs navigate the intricacies of customer feedback collection, they prioritize the use of detailed metrics to ensure their strategies are shaped by a representative cross-section of their customer base. This focus on metrics is crucial for addressing the challenge described by an interviewee:

*"One of the main challenges is ensuring that the feedback represents a broad segment of our customer base and not just a minority […]" – P6*

To achieve this, SMEs employ a sophisticated blend of feedback methods that enhance the inclusiveness and accuracy of their market insights:

*"We use a mixed-method approach for collecting feedback to ensure a broad perspective […] " – P4*

Further emphasizing the role of metrics, another strategy involves the active analysis of customer responses:

*"We actively analyze customer responses […] Our decision-making is heavily influenced by metrics such as sales trends and satisfaction levels […] " - P2*

These measures exemplify how SMEs systematically integrate customer feedback into their innovation processes, using metrics to refine their responses and ensure that their innovations are both market-driven and sustainable. Moreover, adapting to market demands is crucial for maintaining relevance and driving innovation. In highly competitive sectors, the ability to quickly respond to consumer needs and market shifts dictates the success of new product introductions and enhancements. This adaptability allows them to effectively align their differentiation strategies with current consumer preferences and emerging market opportunities, ensuring they stay ahead in a competitive landscape.

*"[...] It really comes down to understanding our audience and the context in which the product will be received. We conduct market research and gather insights from our customer service interactions to understand what our customers are most interested in at a given time [...]"* – P3

By dynamically adjusting their focus, SMEs can swiftly respond to new trends, ensuring their products remain relevant and appealing to their target market. This strategic flexibility is not just about immediate adaptation but also about anticipating future shifts, enabling companies to not only meet but anticipate consumer needs.

*"[...] These decisions directly influence everything from the campaign's visual elements to its narrative."* – P4

The ability to fluidly adjust their marketing strategies allows SMEs to craft compelling, relevant campaigns that resonate deeply with consumers' evolving values and expectations, solidifying their competitive advantage in the market. In addition to internal assessments, SMEs also keep a vigilant eye on the competitive landscape, adjusting their focus based on how rivals position their offerings and industry shifts toward sustainability.

"*[...] We continuously monitor how competitors are positioning their products, which helps us decide which aspects of our own products to highlight in our campaigns. If there's a shift towards more sustainable practices in our industry, we might enhance our emphasis on the eco-friendly features of our products [...]"* – P4

This approach underlines the strategic importance of external market dynamics in shaping SMEs' competitive strategies, ensuring their product positioning is both current and influential. Moreover, the introduction of novel eco-friendly technologies frequently compels SMEs to significantly adapt

their marketing strategies. These innovations not only offer new benefits but also require rethinking how products are presented to the market.

*"[...] Like when we introduced a product that utilized a new eco-friendly technology. This innovation wasn't just a new feature but a complete shift in how the product functioned, which required us to adapt our marketing approach significantly [...]"* – P1

Adjusting to these innovations involves educating the market about new technologies and their benefits, a process that often demands innovative marketing techniques itself.

*"[...] The technology behind it was complex. To market this effectively, we shifted from our usual focus on the environmental benefits to educating consumers about the technology itself [...]"* – P1

The impact of these strategic changes is generally positive, enhancing customer understanding and acceptance of new products.

*"[...] The response was very positive, particularly because the educational content helped explain the technology, making it more approachable. Customers appreciated understanding how the product worked, not just its benefits [...]"* – P1

# 5.0 Analysis

*In this chapter, the analysis delves into the empirical data collected through interviews to explore how they reflect and diverge from the theoretical constructs outlined in the Literature Review. This segment is organized around the six themes that emerged from the data, each linked to distinct theoretical perspectives on sustainable and innovation marketing. Starting with themes directly derived from literature and moving towards the novel insights under 'Market-Driven Innovation', this chapter will systematically dissect each code under these themes to interpret their significance against the backdrop of existing research. The discussion will integrate additional scholarly sources as needed, especially for the new theme, enriching the theoretical tapestry that frames the study's findings.*

## 5.1 Customer-Centric Approach

The use of customer feedback to drive product innovation, particularly in the context of material changes, aligns with the customer-centric approach emphasized by O'Dwyer et al. (2009), which focuses on the critical role of understanding and anticipating customer needs to maintain competitive advantage. In the findings, feedback has directly influenced innovations such as new types of packaging materials enhancing sustainability while increasing durability, as noted by Participant P1. This innovation reflects the balance between environmental quality enhancement and customer satisfaction described by Ottman et al. (2006), underscoring the necessity of aligning product development with consumer values and environmental standards.

Feedback integration through multiple channels has enabled SMEs to refine their marketing strategies effectively, demonstrating a practical application of the integrated marketing approach discussed in the TAP framework (O'Dwyer et al., 2009). SMEs leverage customer feedback, gathered through diverse channels such as social media and direct interactions (Participant P7), to tailor marketing communications that resonate more strongly with consumer preferences. This strategic adaptation is evident in the way SMEs shape their sustainability-focused campaigns, responding to consumer demands for products that contribute to conservation efforts (Participant P5). This alignment with consumer environmental concerns, as highlighted by Nguyen-Viet (2023), enhances green brand equity by ensuring that marketing messages accurately reflect customer values and sustainability goals.

Balancing customer satisfaction with sustainability goals presents complex challenges, particularly in ensuring the representativeness of feedback. This balance involves navigating the "Green Marketing Myopia" described by Ottman et al. (2006), where there is a risk of overemphasizing environmental benefits at the expense of customer appeal. SMEs strive to gather comprehensive feedback to ensure their innovations meet broad consumer needs while aligning with sustainability, as evidenced by the structured and systematic feedback processes mentioned by Participant P1. These efforts reflect the need to adapt marketing strategies to meet evolving customer expectations, supporting the dynamic interaction between customer engagement and sustainable innovation discussed by Chen and Liu (2020).

### 5.2 Long-term Strategic Vision

SMEs are notably adapting to long-term strategic visions by aligning trends with strategic innovations, as detailed in the findings where SMEs leverage predictive analytics to anticipate sustainability trends and consumer preferences (Participant P6). This foresight, as emphasized by O'Dwyer et al. (2009) in the "Prediction" aspect of the TAP framework, is crucial for maintaining relevancy and competitiveness in evolving market conditions. The strategic positioning of innovations, not as mere responses to current trends but as anticipations of future needs (Participant P2), reflects this deep integration of strategic foresight into business operations, resonating with Martins (2022) on the necessity of integrating environmental and social considerations in long-term strategic planning.

The strategic focus on brand transparency and journey engagement is pivotal in cultivating long-lasting customer relationships. SMEs, as highlighted by Participant P1's initiative of a subscription service for recycling or refurbishment, are actively enhancing customer engagement by involving them in sustainability practices. This approach is reflective of Jia et al. (2022)'s insights on marketing innovations that project future ecosystem needs and engage consumers in a transparent and responsible brand journey. The strategy of fostering a brand identity that resonates with innovation and responsibility, as embraced by SMEs, aligns with the strategic marketing frameworks that prioritize long-term customer trust and commitment to sustainability. This strategy is supported by Weerawardena and O'Cass (2004) who discuss how market-driven firms utilize marketing capabilities to enhance competitiveness and long-term success.

SMEs employ advanced technologies to preempt market demands and regulatory expectations (Participants P4, P6, and P7), exemplifying the practical application of the 'Assimilation' concept within the TAP framework (O'Dwyer et al., 2009). This integration across operational domains demonstrates how sustainability initiatives are not isolated within departments but are part of a comprehensive strategy. The emphasis on using sustainability metrics to evaluate the impact of these strategies, as noted by Participant P1, introduces an additional layer of analysis that extends beyond the existing literature.

### 5.3 Differentiation and Competitive Advantage

This study reveals a nuanced application of brand differentiation through both innovation and sustainability, in contrast to O'Dwyer et al. (2009), who initially considered and later dismissed 'Exceptionality' in their TAP framework, suggesting it lacked relevance for capturing dynamic marketing innovations in SMEs. The researchers propose that when innovation is coupled with sustainability, 'exceptionality'— akin to differentiation—becomes crucial. Unlike the original framework which focused solely on innovation, our exploration of both innovation and sustainability reveals that their interplay can indeed foster exceptional brand differentiation. This observation is particularly resonant given that our scope, though more focused, incorporates sustainability—a critical element that might explain the relevance of exceptionality in today's market context.

For instance, Dangelico and Vocalelli (2017) emphasize how environmental attributes can significantly distinguish SME offerings, aligning closely with Participant P7's insight: "[...] *By combining* [innovation and sustainability], *we create a compelling value proposition that differentiates our brand* [...]." This synergy not only strengthens brand identity but also aligns with evolving consumer expectations that favor sustainability. Similarly, Nuryakin and Maryati (2022) support this, showing how green marketing orientations can amplify competitive advantage, echoed by Participant P6's comment on how this dual focus has been instrumental in differentiating their products in the competitive footwear market.

In alignment with the 'Transformation' component of the TAP framework, our findings also highlight the strategic role of campaigns that showcase innovative and sustainable features. O'Dwyer et al. (2009) discuss how introducing novel features can enhance consumer satisfaction and market presence, a strategy evident in Participant P2's description of their marketing approach:

"[...] *In our campaigns, we emphasize both innovation and sustainability. We believe that these two elements are not mutually exclusive* [...]." This approach not only serves to differentiate but also capitalizes on the growing market trend towards environmental responsibility.

Furthermore, Polonsky and Rosenberger (2001) note that integrating green marketing into the traditional marketing mix enhances a brand's competitive edge—a strategy that comes to life in Participant P2's campaign for hiking boots, which successfully integrated recycled and sustainably sourced materials. This campaign not only underscored the brand's commitment to sustainability but also leveraged these features to appeal to eco-conscious consumers, illustrating a practical application of green marketing strategies to achieve differentiation and connect with broader consumer segments.

### 5.4 Flexibility vs. Consistency

In the dynamic landscape of SME operations, the strategic balance between innovation and sustainability is crucial. Heunks (1998) emphasizes that flexibility and creativity are essential for SMEs success, suggesting that adapting marketing strategies effectively to market changes can significantly enhance competitiveness. This notion aligns with O'Dwyer et al. (2009), who in the TAP framework, highlight the importance of continuously adapting strategies to remain competitive while also addressing the evolving demands of the market. This theoretical perspective is reflected in the approach of SMEs as described by Participant P3, who notes, "[...] *Introducing new innovations often requires us to rethink how we approach our marketing* [...]" underscoring the necessity to recalibrate strategies to integrate new, innovative products while maintaining market relevance. Similarly, Participant P5 emphasizes the need for a comprehensive reassessment of marketing approaches when significant innovations are introduced, "[...] *to properly educate consumers on the benefits and the science behind it* [...]," indicating a deliberate balance between introducing cutting-edge innovations and ensuring these are sustainably aligned with consumer expectations and environmental responsibilities.

While innovation necessitates flexibility, maintaining consistency in sustainability practices during these shifts is equally critical. Shields and Shelleman (2015) advocate for a methodical incorporation of sustainability into strategic frameworks, stressing that a steadfast commitment to environmental values is fundamental for long-term viability. This concept is reinforced by Dangelico and Vocalelli (2017), who suggest that integrating sustainability into the marketing mix

demands consistent adherence to environmental principles. This approach is evident in the practices of SMEs, as Participant P2 describes, "[...] *This innovation wasn't just a new feature; it represented a major shift in how we approached product sustainability. We had to shift towards a more educational approach* [...]." This statement highlights the ongoing commitment to sustainability even as new innovations are rolled out. Furthermore, Participant P6's insight, "[...] *Ensuring that our sustainability claims are always backed by transparent, verifiable data to avoid accusations of greenwashing* [...]", points to the rigorous consistency required in sustainability practices to maintain trust and integrity, especially as market dynamics evolve and consumer scrutiny increases.

### 5.5 Challenges in Harmonizing Messages

In today's competitive marketplace, SMEs are tasked with innovatively updating their sustainability narratives, ensuring these remain dynamic and engaging. O'Dwyer et al. (2009) emphasize the need for SMEs to constantly evolve their marketing strategies to stay competitive. This concept is applied by Participant P1, who seeks new ways to communicate their sustainability efforts, such as through sharing stories about new certifications or community initiatives.

Additionally, the integration and balancing of innovation with sustainability in communications are crucial. Ginsberg and Bloom (2004) address the challenges of aligning sustainable products with market expectations, a struggle that resonates with SMEs trying to maintain a coherent brand message. Participant P5 reflects this effort by adapting their advertising strategy based on the product and audience, aiming to resonate with both innovative and sustainable values, which supports the brand's broader market appeal.

These strategic efforts are quantified to gauge their effectiveness, as mentioned by Participant P7. The impact of their sustainability-focused campaigns is monitored through engagement rates, sales data, and direct customer feedback, enabling the company to refine their strategies and ensure that messages align with consumer expectations and the brand's core values.

### 5.6 Market-Driven Innovation

In our exploration of market-driven innovation within SMEs, we have integrated new theoretical insights to better understand how real-time data and market trends drive strategic decisions. Central to this process are feedback effectiveness metrics, which ensure strategies reflect a broad customer

base. Supported by Morgan and Rego (2006), who emphasize the predictive power of customer satisfaction metrics on business performance, our findings reveal that SMEs actively refine their strategies based on detailed feedback analysis, such as sales trends and satisfaction levels, as discussed by Participant P2.

Moreover, the necessity for market responsiveness compels SMEs to stay attuned to competitor activities and industry shifts, as highlighted by Kusiak (2009). This approach is reflected in how SMEs adapt their product offerings to meet emerging market opportunities, ensuring their innovations remain relevant. For instance, Participant P4 describes employing a mixed-method approach for gathering comprehensive market insights, which allows for a broad and inclusive perspective essential for driving innovation.

Finally, the continuous adaptation of products to align with consumer expectations and market dynamics is crucial. Day (1994) discusses how market-driven organizations excel at adjusting their strategies to better meet customer needs. Our findings illustrate this through SMEs' efforts to integrate customer feedback into product development, ensuring their market offerings are not only innovative but also sustainably aligned with market demands. For example, Participant P3 emphasizes the importance of understanding the audience and context in which a product will be received, showcasing the strategic flexibility necessary to craft compelling campaigns that resonate with consumers' evolving values.

## 6.0 Discussion

*This chapter begins with a discussion of how previous research aligns with or diverges from this study's findings. Following this, we present a section outlining the contributions of the study, followed by practical implications derived from the empirical findings. Additionally, the chapter addresses the limitations of this study and provides suggestions for future research.*

In reassessing the TAP framework by O'Dwyer et al. (2009) within the context of our findings, it's apparent that the concept of 'Exceptionality'—representing differentiation in marketing strategies—emerges with renewed significance when innovation intersects with sustainability. While the original framework's authors did not find 'Exceptionality' critical for innovation-focused SMEs alone, the insights from marketing professionals in this study suggest that the synergy created by combining innovation with sustainability reinvigorates the importance of differentiation. This may indicate that a multifaceted approach, blending technological advancement with eco-conscious practices, offers a distinct competitive edge not previously encapsulated in the TAP model.

Moreover, this study underscores the significance of SMEs proactively engaging with market trends and customer feedback, marking a departure from our initial impression. It was observed that SMEs leveraging market-driven innovation demonstrated an ability to adapt to changing consumer preferences and market demands. Unlike approaches primarily focusing on internal capabilities and product-centric innovation, our findings highlight the importance of external market factors in driving innovation strategies. By actively integrating customer feedback into innovation processes, SMEs can better anticipate market shifts, identify emerging opportunities, and develop products and services that resonate with their target audience. This proactive approach enables SMEs to enhance their competitiveness and foster long-term customer loyalty. Furthermore, our analysis reveals that market-driven innovation not only enables SMEs to meet current market needs but also positions them as industry leaders. By closely aligning their innovation efforts with evolving market trends, SMEs can define unique market positions, differentiate themselves from competitors, and capture new market segments. These assertions are substantiated by the works of Morgan and Rego (2006) and Kusiak (2009), which emphasize the pivotal role of market-driven approaches in SMEs innovation strategies.

## 6.1 Contributions

This study contributes to the existing body of marketing and business theories, particularly in the realm of sustainable marketing practices within SMEs. By exploring the integration of innovation and sustainability into marketing strategies, this research offers novel insights into traditional marketing paradigms. Notably, the findings suggest that the integration of these elements not only enhances brand image and consumer perception but also significantly influences consumer behavior. These impacts established theories on consumer decision-making and brand management by demonstrating how sustainability and innovation can drive consumer preferences and loyalty. This connection highlights the crucial role of combining these elements in shaping modern marketing strategies and underscores their relevance in the evolving landscape of SMEs marketing.

Through in-depth interviews with marketing professionals, it became evident that SMEs are increasingly utilizing this data not only to fine-tune their promotional messages but also to innovate sustainable marketing practices. This approach ensures that campaign strategies are agile and responsive to consumer expectations, enabling swift adjustments based on real-time feedback. For instance, participants highlighted the implementation of rigorous pre-launch testing of campaign messages and the monitoring of real-time engagement metrics post-launch. This dynamic utilization of real-time data not only underscores the adaptability of SMEs but also introduces novel insights into marketing theories regarding consumer engagement and campaign optimization.

By unveiling the nuanced strategies employed by SMEs in balancing innovation and sustainability within marketing campaigns, this research enriches existing marketing and business theories. Moreover, it offers new perspectives on how SMEs can effectively navigate the evolving marketing landscape, contributing to the ongoing discourse on sustainable marketing practices and business agility.

## 6.2 Practical implications

The findings of this study offer multiple practical implications for marketing managers operating in SMEs, providing an insight for how to integrate innovation and sustainability into marketing campaigns. Drawing from the research question concerning the combination of these elements in SMEs marketing strategies, the following implications emerge:

To align product innovation with sustainable practices, SMEs can create a compelling value proposition by intertwining the two. This integration should be a deliberate, ongoing effort,

considering both short-term gains and long-term sustainability goals. By emphasizing the innovative and sustainable features of their offerings, SMEs can differentiate themselves from competitors and resonate with environmentally conscious consumers.

Transparency in communication is paramount. Marketing messages should be underpinned by transparent and verifiable data to avoid accusations of greenwashing. SMEs must ensure that their sustainability claims are credible and supported by evidence, fostering trust and credibility among consumers. Transparent communication builds a foundation of authenticity, strengthening brand-consumer relationships.

Flexibility and adaptability are essential in marketing strategies. They should be responsive to changing market dynamics and consumer preferences. SMEs should continuously monitor market trends, competitor activities, and consumer feedback to refine their brand differentiation strategies. This responsiveness enables SMEs to maintain relevance and competitive advantage in a dynamic market landscape. Further, implementing real-time data analysis and feedback systems can enhance the agility and effectiveness of marketing campaigns. By leveraging real-time insights, SMEs can swiftly adjust their strategies based on consumer feedback, ensuring campaign resonance and effectiveness.

Consequently, integrating these findings into actionable strategies empowers marketing managers in SMEs to navigate the intersection of innovation and sustainability in their marketing endeavors effectively and cultivate consumer trust, enhance brand credibility, and drive sustainable growth in today's competitive marketplace.

### 6.3 Limitations

While this study offers valuable insights into the combination of sustainability and innovation within marketing strategies for SMEs, several limitations have become apparent during the process. Firstly, the interview questions utilized may not have covered all aspects necessary to gain a comprehensive understanding of marketing professionals' perceptions and strategies regarding sustainability and innovation. Some relevant topics may have been overlooked, potentially limiting the depth of insights obtained. Additionally, despite efforts to ensure clarity during the interviews, there is a possibility that complexities or subtleties in participants' answers were not fully captured

or understood. This could stem from such as differences in communication styles, or individual interpretations, leading to potential gaps in understanding.

Moreover, the study's qualitative nature and its reliance on interviews with a small sample of marketing professionals may pose limitations in generalizability and statistical significance. While qualitative research offers rich insights into individual experiences and perceptions, findings may not be representative of the broader population of marketing professionals in SMEs. However, qualitative research is valuable for providing in-depth understanding and generating hypothesis for future research. This issue is compounded by potential researcher bias in the formulation of questions and selection of participants, which could guide responses and result in overlooking unintended yet relevant themes.

Despite these limitations, this study contributes valuable insights into the combination of sustainability and innovation within marketing strategies in SMEs, laying the groundwork for future research to address these limitations and further advance the understanding in this area.

### 6.4 Future research

There are several avenues for future research that could deepen the understanding in this area. Firstly, to consider expanding the study's scope by either including a larger sample size while also extending the geographical coverage to include diverse regions, with specific countries disclosed, for broader insights. Alternatively, focusing the research on one country or specific countries could be advantageous, considering potential differences in strategic styles across regions. Furthermore, including participants from both SMEs and large enterprises, as well as employing a longitudinal study design, would provide deeper and more comprehensive exploration into the topic. This longitudinal approach would be particularly beneficial for understanding how sustainability and innovation strategies evolve over time within SMEs, offering insights into long-term trends and the sustainability of impacts. Additionally, complementing qualitative research with quantitative studies would offer statistical insights into the effectiveness of different marketing strategies and their impact on consumer engagement and brand perception. Such mixed-methods research would validate the qualitative findings and enhance understanding of consumer behavior and preferences across different contexts.

## 7.0 Conclusion

*In this chapter, we will offer a conclusion of the empirical findings and analysis. This summary will illustrate how the study achieved its objectives and addressed the research question.*

This study aimed to delve into the practices of combining innovation and sustainability in marketing campaigns within SMEs. Utilizing in-depth interviews with marketing professionals, the research sought to offer valuable insights and empirically ground the investigation into the pivotal research question:

*How do marketing professionals in SMEs design marketing campaigns that combine sustainability and innovation?*

The findings reveal marketing professionals in SMEs strategies of using customer feedback not only to drive product innovation and sustainability but also to refine their marketing strategies, ensuring campaigns align with consumer needs and environmental standards. They integrate sustainability into a comprehensive strategy and anticipate trends, aligning innovations with long-term goals and cohesive practices. By combining sustainability and innovation, they differentiate their brands, creating compelling value propositions and unified identities. Furthermore, they balance the need for innovation with consistent sustainability practices, by adapting their marketing approaches and emphasizing educational content to stay ahead of consumer expectations and sustainability standards.

Additionally, marketing professionals continually update their sustainability narratives to remain engaging, ensure authenticity, and tailor messages to specific products and audiences, avoiding greenwashing. They use market data to refine strategies, understand their audience and context, and monitor competitor positions, ensuring innovations meet consumer demands and remain relevant. By embracing sustainability and innovation in their marketing campaigns, SMEs position themselves as adaptable and forward-thinking organizations within their respective systems. Reflecting on the empirical findings, this study unveils how SMEs not only react to market pressures but proactively shape their strategies. These strategies paint a picture of SMEs as not just business entities, but as adaptable organisms within their ecosystems, evolving with consumer trends and environmental considerations.

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# Appendices

## Appendix A

**Main Interview Questions**

General:

1. Can you talk about a campaign where you combined innovation with sustainability?

Customer-Centric Approach:

2. Has customer feedback ever inspired a sustainable or innovative change in your product?
3. How does customer feedback shape your green or innovative campaigns?

Long-term Strategic Vision:

4. When planning a campaign, what's your approach to including sustainability or innovation for its long-term impact?
5. Has a focus on long-term sustainability ever sparked an innovation in your marketing or products?

Shared Focus on Differentiation and Competitive Advantage:

6. In your campaigns, do you focus on highlighting innovation, sustainability, or both to differentiate yourselves?

Flexibility in Innovation vs. Consistency in Sustainability

7. Has there been a time when introducing new innovations prompted you to rethink or adapt in your marketing strategies?
8. Can you talk about the role of sustainability in your marketing over time?

Harmonizing Innovative and Sustainable Messaging

9. In your advertising, how do you decide to feature innovation, sustainability, or both in your messages?
10. Have there been challenges in merging messages of innovation with sustainability in your marketing, and how did you tackle them?

## Appendix B

### GDPR and AI Declaration

We hereby declare that this thesis represents our own work.

We declare that we have obtained the necessary ethical approval (e.g., GDPR) and acknowledged our obligations and the rights of the participants/respondents in the research.

We have read and applied the Jönköping University's current research ethics guidelines with regards to the use of artificial intelligence (AI) tool in this work as presented in the Course Guide. During the preparation of this work the author(s) used the following AI tools and the purpose for their use.

ChatGPT By OpenAI

- Improving Text Quality: AI chatbots were used to identify grammatical errors, suggest sentence restructuring for better readability, and recommend more precise vocabulary. All AI suggestions were manually reviewed and applied to ensure accuracy and appropriateness.
- Overview of Subject Areas: AI tools helped gather a comprehensive overview of relevant topics, identifying key concepts and trends. The information provided by AI was critically analyzed to substantiate the arguments presented.

As authors we have reviewed and edited the content as needed and take full responsibility for the content of the thesis.

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