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Introduction

Marketing has evolved from a product-centric focus to a human-centric approach, where consumers look for brands that align with their values (Kotler et al., 2020). In this context, ESG (environmental, social and governance) criteria have become a strategic filter rather than a CSR add-on. Global surveys suggest that around 45% of consumers try to make choices that have a positive environmental impact, but most are only willing to pay a limited premium for sustainable products (Euromonitor International, 2024). This report analyses how Social (Cultural) and Environmental (Natural) actors shape marketing strategy in fashion, grocery, beauty, automotive and food, and how firms respond through growth choices framed by Ansoff's Matrix.

Task 1 - Critical analysis of Social (Cultural) and Environmental (Natural) actors

Actor A - Cultural actors

Lifestyles (fast fashion) - Zara (Pioneer) & H&M (Follower)

Zara's fast fashion business model transforms consumer lifestyle aspirations into a rapid cycle purchasing process. Zara is able to quickly design, manufacture and distribute clothing. with Zara's vertically integrated model enabling it to move designs from concept to store in weeks and keep consumers in a constant search for "what's next". Inditex has attempted to respond to the challenges of fast fashion through their Join Life program and 2030 goal of having all fibers be "lower impact" (Inditex, 2023), using approximately 40% recycled, 25% organic or regenerative, and 25% next generation materials. These programs enable Zara to promote themselves as promoting a circular lifestyle while maintaining their fast fashion value proposition.

While H&M is also operating a fast fashion business model, H&M demonstrates the risks of "greenwashing" and losing consumer trust. H&M introduced its Conscious Collection and Higg Index-based scorecards to help "responsible" shopping, however H&M was investigated and sued for allegedly misrepresenting the environmental profile of some items labeled as sustainable, and those items actually had worse environmental profiles than comparable items sold as standard (Business and Human Rights Resource Center, 2022). Even though several U.S. class actions were dismissed, the negative publicity associated with the scandal increased perceptions of greenwashing and forced H&M to remove labeling and review their marketing (Retail Gazette, 2024). Therefore, both companies are limited by changing consumer values, which require trend access and authenticity equally.

Values & beliefs (value and loyalty) - Tesco (Pioneer) & Sainsbury's (Follower)

The United Kingdom grocery market has seen increasing cost-of-living pressures, leading consumers to focus increasingly on value and loyalty. Tesco utilizes its Clubcard Prices and Aldi Price Match architecture to demonstrate that it is the everyday low price champion, while providing communication to consumers that heavy Clubcard users can save thousands of dollars per year on their purchases through personalized offers (Tesco, 2025). In addition to framing a cost-leadership position versus discounters, the Clubcard program provides Tesco with a wealth of behavioral data, which it uses to create targeted promotions.

Sainsbury's has responded to Tesco's Clubcard program with Nectar Prices, extending digital loyalty and personalised "Your Nectar Prices" offers across stores. The retailer reports that active customers can save around £12 on an £80 weekly shop, with participation exceeding 80% (Sainsbury's, 2024). According to independent analysis conducted by the UK Competition and Markets Authority, loyalty pricing from Tesco and Sainsbury's typically results in real discounts of 17-25 percent on promoted products, while cautioning that some loyalty schemes may be overly complex and potentially damaging to customer relationships (Competition and Markets Authority, 2024). Therefore, social norms surrounding fairness and transparency constrain both pioneering and follower companies - schemes viewed as manipulative or confusing can lead to a backlash from consumers, while transparent pricing and easily understood offer mechanics can increase customer loyalty even if prices increase over time.

Diversity & inclusion - Fenty Beauty (Pioneer) & L'Oréal (Follower)

Changing social norms regarding racial and ethnic differences, gender and identity have dramatically altered what mainstream beauty means. Fenty Beauty launched with a deliberate focus on inclusiveness, offering 40 foundation shades (which are now around 50) and representing many different types of people in their advertising, thereby sending a message that every type of skin belongs at the core of the category, not just at the

fringes. Fenty Beauty's focus on inclusivity helped unlock years of unmet demand from consumers who had to settle for less-than-perfect shade matches, and rapidly changed the standards of the industry - referred to as the "Fenty Effect". Analysts and researchers emphasize that Fenty Beauty's success is rooted in authenticity, as Fenty Beauty has integrated inclusive formulations and campaigns into its DNA, as opposed to simply adding them as a way of demonstrating commitment to diversity, equity and inclusion.

L'Oréal, one of the largest incumbents in the industry, has expanded its portfolio offerings and has clearly articulated its commitment to being "the most inclusive beauty leader", and tied its commitments to diversity, equity and inclusion to product development, hiring practices and communications (L'Oréal, 2024). Articles in publications such as Vogue illustrate how multiracial and melanin-rich consumers are fundamentally altering the dynamics of consumer demand for beauty products, forcing larger players to invest in innovative products and services that meet these demands or risk becoming obsolete (Vogue, 2025). Pioneers like Fenty set the benchmark; once extensive shade ranges and authentic representation are normalised, followers are judged against this standard rather than their historical peers. Therefore, social (cultural) actors establish inclusivity as a normative aspect of doing business, making it a hygiene factor rather than a competitive differentiator, and companies that do not represent diverse lifestyles and identities risk a dramatic decrease in relevance.

Actor B - Environmental (Natural) actors

Sustainability trends (EV transition) - Tesla (Pioneer) & Mercedes-Benz (Follower)

Environmental pressures and regulation are reshaping automotive markets. Tesla, as a "born-electric" player, hard-wired zero tailpipe emissions and software-led performance into its brand promise, turning sustainability into a signal of technological leadership (Kantar, 2024). As the first 'born-electric' company, Tesla was able to create an

aspirational image around electric mobility and build their own Gigafactories to produce batteries and their own charging network to support customers.

Mercedes-Benz, however, is a legacy premium brand transitioning to EV from a position of being a combustion engine based brand. They have announced an all-EV product line called EQ, and stated that they will continue to develop EV products until there is sufficient market demand to discontinue the sale of internal combustion engines. Due to lackluster demand and high production costs, they have had to lower the price of multiple EQ vehicles. In addition, Mercedes-Benz has announced plans to cease production of almost all EQ vehicles produced in the United States by 2025 (Car and Driver, 2025). Competition analysts indicate that Mercedes-Benz is providing additional competition to Tesla in the premium segment, but Mercedes-Benz must also make decisions on whether to invest capital in developing EV products or maintain the profitability of their internal combustion engine products.

As a result, Environmental (Natural) actors -- including government mandated decarbonization targets, the need to secure battery supplies and charging infrastructure -- dictate not only companies' product development road maps, but also which companies are seen as true leaders in sustainable mobility.

Carbon footprint (food) - Oatly (Pioneer) & Danone/Alpro (Follower)

Climate impact is increasingly influencing consumer behavior when selecting food and beverages. Oatly has made a commitment to communicate clearly on its carbon footprint relative to other milk alternatives and to highlight that oat drink can generate up to 70% less CO₂e per liter than dairy milk (Oatly, 2024). This straightforward contrast has resonated with climate-aware urban consumers and coffee chains, making oat milk a default option in many cafés.

However, Environmental (Natural) actors interact with economic and health considerations. Rising inflation and increased interest in high-protein foods has caused a decline in U.S. plant-based milk sales of 5% in 2024, while dairy milk volume rose in

2024. Additionally, Oatly's CEO attributed part of this decline to consumer "fatigue" with climate-related doom-and-gloom messaging and the shift away from eco- metrics toward protein (Financial Times, 2025). Danone's Alpro brand has developed a unique competitive positioning by integrating sustainability with taste and nutrition-related claims, and to date, has highlighted its European sourced oats, certified non-GMO soy and circular, low-carbon packaging ambitions (Danone, 2025). As such, the competition demonstrates that environmental credentials must be supported by sensory performance and affordable pricing in order for companies to achieve long-term mass market growth.

Resource availability (packaging) - Coca-Cola (Pioneer) & PepsiCo (Follower)

Scarcity of high-quality recycled materials and rising concern about plastics waste place packaging at the centre of Environmental (Natural) pressures. Coca-Cola's "World Without Waste" strategy includes goals to collect and recycle the equivalent of every bottle or can sold and to use 35–40% recycled content in primary packaging by 2035 (Coca-Cola, 2024). The firm has rolled out 100% rPET bottles in several markets but has also faced criticism from NGOs and media outlets for allegedly diluting some reuse commitments, inviting accusations of greenwashing (Guardian, 2024).

PepsiCo pursues a similar "reduce, recycle, reinvent" agenda, aiming for 97% of primary and secondary packaging in key markets to be reusable, recyclable or compostable by 2030 and targeting 50% rPET in EU beverage bottles (PepsiCo, 2025). Both firms depend on scarce recycled feedstock; competition for that resource raises costs but also creates differentiation opportunities for brands that can credibly claim circular leadership.

Taken together, these examples show how Social (Cultural) and Environmental (Natural) actors jointly redefine what "value" means - not only low prices and convenience, but alignment with lifestyle aspirations, identity politics and planetary boundaries.

Task 2 - Strategic responses through Ansoff's Matrix

Ansoff Matrix



Ansoff Matrix (Source: Your Business Room, 2025)

When combined with ESG expectations, Ansoff Matrix highlights how firms translate Social (Cultural) and Environmental (Natural) pressures into viable marketing strategies (Whittington et al., 2023).

Market penetration and data-driven loyalty

Tesco's Clubcard and Aldi Price Match architecture exemplify market penetration - the retailer deepens share among existing customers by using first-party data to

personalise discounts and communicate “real value you can see” during a cost-of-living crisis (Tesco, 2025). Sainsbury’s Nectar Prices is a follower move in the same quadrant, using personalised offers and app-based engagement to win back value-seeking households and modestly grow market share (Sainsbury’s, 2024). In both cases, Social (Cultural) expectations of fairness, loyalty and thrift are operationalised through sophisticated price architectures powered by data analytics.

Coca-Cola and PepsiCo also rely primarily on market penetration for growth but overlay it with packaging innovation. By gradually switching core SKUs into 100% rPET bottles in selected markets and communicating progress on collection and recycling targets, they aim to retain mainstream consumers while signalling that familiar brands are becoming less environmentally damaging (Coca-Cola, 2024; PepsiCo, 2025). The commercial risk is that incremental change may be viewed as too slow by activists but too costly by price-sensitive shoppers, illustrating the delicate balance between environmental ambition and affordability.

Product development, market development and repositioning

Zara's Join Life line and repair/recycling programs show how Zara responds to environmental criticism in terms of product development. The company can continue to operate within its fast fashion business model while creating clothing using recycled fibers or certified materials and promoting repairability and durability in addition to being "more environmentally friendly" (Inditex, 2023). H&M's Conscious lines are also intended to be a similar way of responding to environmental criticism and H&M has increased awareness of sustainability through these lines however, the credibility of H&M has been damaged due to accusations of "green washing," which illustrates that any strategy based on product development requires transparent metrics and conservative claims (Retail Gazette, 2024; Business and Human Rights Resource Centre, 2022).

Fenty Beauty's original 40- color palette of foundation launched as a response to an unmet need in the market for many people of color and has since continued to add

colors to its palette (Vogue, 2025; L'oreal, 2024). Similarly, L'Oreal has expanded its shade range across all of its brands and has integrated diversity equity inclusion (DEI) into the way it innovates (Vogue, 2025; L'Oreal, 2024). In both cases, social/cultural actors have pushed companies to design their products to include a particular group that was previously excluded in order to engineer inclusivity into formulas and color libraries rather than simply including messages about inclusivity in marketing communications..

For Danone's Alpro, product development and package development are closely intertwined. By reformulating Alpro recipes and developing new packages, Danone has positioned plant-based dairy products as a mainstream option rather than simply an alternative to traditional dairy products (Danone, 2025). Danone has used this approach because research shows that conscious consumers prefer options that make it easier to live sustainably and do not require major changes to one's lifestyle (Euromonitor International, 2024).

Tesla's strategy combines market development and diversification. Geographically, it expands factories and sales into Europe and China to normalise E& in new markets, supported by its Supercharger network (Kantar, 2024). Strategically, it diversifies into energy storage, solar solutions and, more recently, robotics, framing itself as a broader clean-energy and AI platform (Whittington et al., 2023). These moves seek to monetise Environmental (Natural) pressures – decarbonisation and energy security – as drivers of multi-business growth.

Oatly has also pursued market development, entering North America and Asia with the same climate-centric narrative used in Scandinavia. However, sales volatility and inflation-driven downtrading show the risk of relying too heavily on environmental messaging without equal emphasis on price and nutrition (Financial Times, 2025). Future growth may require a more balanced proposition that combines climate benefits with high-protein or functional variants, consistent with Ansoff's warning that higher-risk strategies demand stronger capability bases (Ansoff, 1957).

From an Ansoff perspective, followers such as Mercedes-Benz and H&M face a tougher trade-off. They must defend profitable legacy segments while accelerating investment in new technologies and business models that may cannibalise existing revenue. Strategic drift occurs when firms delay these moves until regulatory or consumer shifts have already undermined their competitive position (Whittington et al., 2023). The cases in this report suggest that earlier, bolder market-development bets – as Tesla and Fenty made – can create structural advantages that are harder for late followers to close.

Conclusion

Across these industries, Social (Cultural) and Environmental (Natural) actors fundamentally reshape what counts as competitive advantage. Lifestyles, value perceptions and diversity expectations pressure firms to build more inclusive, data-driven and loyalty-rich propositions, while carbon footprints, resource scarcity and packaging regulation force them to re-engineer products, supply chains and communications. Applying Ansoff's Matrix shows that ESG considerations are now embedded in all four growth paths - market penetration through price and loyalty, product development through sustainable and inclusive offers, market development through geographic and segment expansion, and diversification into new low-carbon and data-intensive arenas. Firms that align brand purpose with credible environmental and social performance are best placed to navigate these shifts, building resilient profitability with increasingly conscious consumers (Whittington et al., 2023).

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