



Journal of Economics, Management and Trade

20(3): 1-6, 2017; Article no.JEMT.39274

ISSN: 2456-9216

(Past name: British Journal of Economics, Management & Trade, Past ISSN: 2278-098X)

Business Sustainability at Nespresso

Nouf Mohammed Alrayees^{1*}

¹Department of Marketing, King Saud University, P.O.Box 2454, Riyadh 11451, Saudi Arabia.

Author's contribution

The sole author designed, analyzed and interpreted and prepared the manuscript.

Article Information

DOI: 10.9734/JEMT/2017/39274

Editor(s):

(1) Li, Hui, Professor, School of Economics and Management, Zhejiang Normal University, China.

(2) Stefano Bresciani, Professor, Department of Management, University of Turin, Italy.

Reviewers:

(1) Elzbieta Szczepankiewicz, Poznan University of Economics and Business, Poland.

(2) Ahmadu Abubakar, Federal University Dutsin-Ma, Nigeria.

(3) Darnesh Krishanan, Management and Science University, Malaysia.

Complete Peer review History: <http://www.sciencedomain.org/review-history/23063>

Original Research Article

Received 28th November 2017

Accepted 5th February 2018

Published 8th February 2018

ABSTRACT

The purpose of this study is to address the sustainability importance at Nespresso coffee company. The study focuses specifically on the Nespresso's AAA Sustainable Quality Program. Each 'A' in this program represents: quality, sustainability and productivity. The paper discusses the positive consequences of applying this sustainability program on the environment, society and the economy as a whole. Furthermore, the concept of green marketing and the concept of personal experience were reflected on the AAA program. The reasons behind self-preference for the brand are shared throughout this paper. The paper presents the advantages that we would get for future generations if Nespresso continues to deal with their supplier from this program.

Keywords: Nespresso; sustainability; economy; social; environment; green marketing; self-consumption; self-preference.

1. INTRODUCTION

Nowadays, the term sustainability is becoming a sophisticated technique of promotion; this

promotional method is called "green marketing" as an advertising tool. Green marketing includes adjustments to products, improvements on manufacturing the product, alteration on

*Corresponding author: E-mail: NOALRAYES@KSU.EDU.SA;

packaging and changes in the way of promotion [1]. Green marketing could be applied as a way of sustainability. Nespresso has adapted it since 2003 through its AAA Sustainable Quality program. Nespresso was chosen in this paper due to its persisting commitment to sustainability through its AAA program; and a self-belief that they have the most luxurious and simple coffee experience. We will get a deeper overview on this program throughout this paper by introducing Nespresso and its AAA program and defining the term sustainability.

Nespresso was established in 1986 in Switzerland", and they are well known for their "gourmet coffee" [2]. Nespresso started a program in 2003 called "The Nespresso AAA Sustainable Quality Program" in cooperation with its supplier Rainforest Alliance [3]. To illustrate, 'AAA' program was retrieved from AA Kenyan coffee quality; however "Nespresso added" one more A to add a reflection of the environment, society and economy; moreover, every A represents the three cornerstones of the program method: quality, sustainability and productivity [3].

Sustainability "is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" [4]. Nevertheless, to gain a positive sustainability, it is critical to consider the "consumer demand" [5]; the more the consumption is, the more sustainable programs needed. Thus, it is considered that there are three vital components for any sustainable program: environmental, economic and social sustainability [6].

2. LITERATURE REVIEW AND COMPANY BACKGROUND

Previous studies illustrated on the serious impact on the wastage made by some companies. In Germany, Nespresso was responsible for a huge weight of garbage that contains aluminum and plastic; surprisingly, four thousand tons of garbage was wasted by Nespresso [7]. A huge amount of wastage would affect the environment in the future if this wastage persisted on the same level. It was claimed that this issue might be due to the complete reliability "on industry and government" and the lack of commitment to develop the environment [8]. Past research studies are questioning the serious issues on this planet and what the possible solutions are.

Past studies have been investigating that one of raising awareness on sustainability in terms of the environment, social and economy is consumption. It is important to address that the increase of consumption will accordingly require sustainability programs. The consumption perspective to sustainability sheds light on the triangle of society, economy and environment [6]. First, overconsumption is becoming a substantial cause of damaging the environment [6]. On the other hand, some theories have been claiming that fortunately some consumers are becoming more aware of environmentally friendly lifestyle and thus of buying eco-friendly products. Some consumers have high consciousness when deciding to purchase "regarding social and ecological products" [9].

Earlier research studies have been illustrating the wide variety types of coffee and origin of this coffee [2]. This variety of products has added a differentiation in Nespresso's product lines, which led to customer's attraction around the world. In other words, the company is aiming to add a unique customer journey; as Nespresso's vision "is to be recognized as the ultimate coffee experience worldwide" [10]. Nespresso delivers "high-quality and luxury lifestyle products" that is eco-friendly [9], and this is an outstanding aspect. In addition, Nespresso has focused on sustainability and it is important to note that it launched AAA quality program in 2003 due to change on its business path and sustainability perspective.

Some theories have stated that some firms such as Starbucks and Nespresso were one of the top companies that applied sustainability programs on its coffee brewing production. In this paper, Nespresso's sustainability program is the one that will be highlighted. Previous research studies claimed that The AAA program focuses on "sustainable positioning that meets long-term trends in the market" [11]. Its objective is "to create shared value and positive impact for farmers, consumers and society at large, while caring for the environment" [2]. In addition, the purpose of this program is also to focus on quality, sustainability and productivity [12]. Before launching the program in 2003, Nespresso was concerned about sustainability in its coffee production. In 1998, Nespresso was the only coffee company that was focusing on the supply chain aspects socially or environmentally [13].

It is clearly seen that sustainability and Nespresso are two sides of the same coin. In this paper, we added a third side to that coin and that is 'green marketing'. Broadly, if each company adapted 'green marketing' on its business, it would add a distinction. In other words, the following terms are considered green marketing: "vegan meal" to show that we care about animals, "recyclable plastic bags" to show that we reuse and remanufacture products and care for the environment, "sulfate free shampoos" to show that our product does not contain harmful ingredients. In Nespresso's case, adding the term 'recyclable' on each coffee capsule would be beneficial to remind conscious customers about recycling.

2.1 Environmental Sustainability at Nespresso

First, the AAA program is aiming at "protecting the natural environment" [2] by planting trees. It was reported that in Ethiopia and Guatemala, around "200,000 trees have been planted" in 2015 [14]. Accordingly, the environmental influence of this program reported 52% better environmental conditions to the earth [15]. For example, Nespresso was able to provide 280,000 hectares of sustainably grown coffee [15]. Second, Nespresso allows customers to recycle used capsules that are made of Aluminum in all their stores across 36 countries that include 100,000 "collection points" [16]. They try to make recycling simpler by having more Nespresso boutiques that are close to customers' resident and by providing "a doorstep collection system for the used capsules" [16].

2.2 Economic Sustainability at Nespresso

In the economic sustainability we must first be aware of the environmental sustainability of the product. In other words, environmental sustainability is a major keystone in a successful economic system [17]. Additionally, applying sustainable economy will add a positive impact on current consumption levels, and there is no necessity to negotiate future needs [17]. Since 2003, Nespresso deals with 60,000 farmers in different countries to be supplied with the coffee [18]. Consequently, this program protects farmers' continuing progress as well as setting fair prices for their coffee [19]. Since Nespresso has continued with its program through farmers and suppliers, it reported 41% better economic conditions [3].

2.3 Social Sustainability at Nespresso

The AAA program leads to improve the lives of coffee farmers and their families [12]. Farmers are benefiting from that program in different angles such as technical, trainings, price and infrastructures [14]. Such a program is a comfortable approach for gaining farmers satisfaction; according to one farmer in the AAA program called Delio Gonzalez, this program makes our life easier when we reach pension age that we can calmly "enjoy" our time afterward [14]. As a result, Nespresso documented this positive effect in their report of a 22.6% better social condition, 82.5% farmer satisfaction, 90% farmer loyalty [3].

2.4 Self-preference toward Nespresso

There are effective results when addressing personal experiences not only for the present but to forecast future movements [20]. Thus, my personal preference on choosing Nespresso over other coffee companies is simply because it is delicious, affordable, easy, and luxuries. Since I am one of their loyal customers, I feel that their coffee brand is appealing and worth paying for due to the story behind obtaining the best coffee beans as mentioned in their coffee extraction strategy above. Actually, by purchasing Nespresso's coffee, I feel that I am assisting the company by providing a better social life for farmers and their families through improving their economic conditions.

The existence of the 'AAA program' is one of the major reasons for me to choose Nespresso over their competitors because it begins with the satisfaction of the farmers passing through the stage of extracting the coffee beans ending with the customers' satisfaction. Indeed, I appreciate how the AAA Sustainable Quality Program is concerned about the small details of the extractors' life conditions. This process is achievable for Nespresso without the need to sacrifice its profit, time and effort, yet the brand is still maintaining its reputation. In other words, even though not taking this program into consideration will not harm Nespresso's profit, yet they are still committed.

My role as a customer is first to be aware of what benefits sustainability (i.e. recycling) will provide, and more importantly, the commitment to recycle because awareness itself is not enough. In fact,

since there are about 450 stores scattered in more than 55 locations to recycle used capsules [2], the commitment to recycle will be therefore easier and more accessible. In addition, if every Nespresso customer is aware and committed to cooperate with the AAA Sustainable Quality program by recycling the aluminized capsules, it would help avoid depletion of natural resources (i.e. aluminum and plastic). If Nespresso continued with this path, it would present farmers with better financial opportunities. As a result, the farmers are inclined to acquire a healthier lifestyle in terms of the ability to pay for healthy food, clean water, and safe houses as well as the ability to provide education for their children; thus, farmers' social satisfaction will increase. This leads to a better economic life to farmers' homeland. To illustrate, the prediction of the business in the agriculture industry will be competitive, and might encourage businessmen to invest in farmers' countries.

2.5 Self-consumption Sustainability at Nespresso

My consumption is sustainable in my perspective for many reasons. First, using Nespresso machines and capsules is safe over time; for example, room temperature water is installed in the back of the machine and when making the coffee, there is no risk of spilling hot water on the customer or on children around the machine. Second, in order to make the world a better place for our generation, continuing to recycling used capsules made of aluminum will lead to less wastage and less pollution. In other words, in order to gain a successful sustainability program, members should continue to recycle [21]. In other words, less vulnerability to burn those used capsules, and hence, more sustainability. If customers contributed in the recycling process, the lack of aluminum will be avoidable assumingly. Third, the quality of coffee beans I consume (i.e. Indriya) is reflected on the taste; this assures me the sincerity of the farmers involved in the AAA program.

3. CONCLUSION

The decision that most companies are adapting sustainability in its business can be viewed in terms of the three pillars: environment, society and economy. The paper focused on these pillars at Nespresso through the "AAA

Sustainable Quality program". It was mentioned that 'green marketing' might be applied through sustainable programs to add a glimpse of updated techniques of marketing and promotion. Finally, a personal experience was added through the consumption of Nespresso products.

4. LIMITATIONS AND RECOMMENDATIONS

This paper includes a few limitations that future research studies could take into consideration for further investigations. The first limitation of this paper is that it has focused mainly on sustainability at Nespresso only without noticing that there are other coffee companies to consider. For example, future studies might dive deeper into sustainability in coffee production for Dunkin Donutes, McCafe globally or Java Time or D.Cafe locally in Saudi Arabia. The second limitation is this paper did not cover sustainability in sectors other than coffee firms. Furthermore, every company has the role to be or not to be sustainable because being sustainable is not restricted on one industry. Thus, future studies could shed the light on other industries such as clothes retailers, leather production, cosmetics or any other sectors that has a great impact on the environment, the society or the economy. The third limitation is that this paper focused on the advantageous 'AAA Sustainable Quality program' in Nespresso while there is an opportunity to compare this program with other sustainability programs. Moreover, future studies could compare the Nespresso 'AAA' program with other programs in order to show that choosing Nespresso in this paper is suitable. Three limitations were addressed above for future research studies to add a brighter view of sustainability around the world and in different industries.

ACKNOWLEDGEMENT

The author extends her appreciation to the deanship of Scientific Research at King Saud University, for financing the study through the Research Center of College of Business Administration.

COMPETING INTERESTS

Author has declared that no competing interests exist.

REFERENCES

1. Polonsky M.Jay. An introduction to green marketing. *Global Environment: Problems and Policies*. 2008;2:1.
2. Nestle Nespresso. 2016a. Corporate Backgrounder.
Available:<https://www.nestle-nespresso.com/asset-library/documents/nespresso%20-%20corporate%20backgrounder.pdf>
May 31.
3. Nestle Nespresso. Protecting the Future of our Highest Quality Coffees; 2011. Available:<https://www.oecd.org/aidfortrade/48367325.pdf>
December, 21.
4. United Nations General Assembly.. Report of the world commission on environment and development: Our common future. 1987;54.
Available:http://www.un.org/ga/search/view_doc.asp?symbol=A%2F42%2F427&Submit=Search&Lang=E
Oslo, Norway: Development and International Co-operation: Environment.
5. Schaefer A, Crane A. Addressing Sustainability and Consumption. *Journal of Macromarketing*. 2005;25(1):76-92.
6. Huang MT, Rust R. Sustainability and Consumption. *Journal of the Academy of Marketing Science*. 2011;39(1): 40-54.
7. Nicolai B. 4000 Tonnen Müll durch Kaffeekapseln in Deutschland. *Die Welt*; 2014.
Available:www.welt.de/print/die_welt/wirtschaft/article123682807/4000-Tonnen-Muell-durch-Kaffeekapseln-in-Deutschland.html
December 20.
8. Polonsky M Jay. *Electronic Green Journal*; 1994.
Available:<http://www.greenprof.org/wp-content/uploads/2010/06/An-Introduction-to-Green-Marketing.pdf>
December 22
9. Hamann L, Luschant K, Niemuth S, Smolarz P, Golombek S. CSR in the Coffee Industry: Sustainability Issues at Nestlé-Nespresso and Starbucks. *European Management & Public Affairs Studies*. 2014;2(1):31-35.
10. Nespresso. n.d.-b. An Introduction to Nespresso's Journey in Sustainability.
Available:<https://www.nespresso.com/positive/int/en#!/sustainability/ceo-letter>.
11. Matzler K, Bailom F, Friedrich von den Eichen S, Kohler T. Business model innovation: Coffee triumphs for Nespresso. *Journal of Business Strategy*. 2013;34(2):30-37.
12. Nestle Nespresso. Nespresso AAA Sustainable Quality™ Program. 2013. Available:https://www.nespresso.com/ecolaboration//medias_dyn/articles/2133/article/attachment-2.pdf, June 2.
13. Blowfield M. Ethical Supply Chains in the Cocoa, Coffee and Tea Industries. *Greener Management International*. 2003;43:15.
14. Nestle Nespresso. Nespresso Announces First Fruits of The Positive Cup, Its 2020 Sustainability Strategy. 2015;82.
15. Nestle Nespresso. n.d.-a. Sustainable Quality Coffee Sourcing.
Available:<https://www.nestle-nespresso.com/asset-library/documents/nespresso%20-%20sustainable%20coffee%20quality%20-%20sustainability%20infographics%201.pdf>
May 31
16. Nestle Nespresso. 2016b. Recycling Used Capsules and Sustainability Managing Aluminium.
Available:<http://www.nestle-nespresso.com/asset-library/documents/nespresso%20-%20implementing%20recycling%20capacity%20-%20factsheet.pdf>
May 31
17. Basiago A. Economic, social, and environmental sustainability in development theory and urban planning practice. *The Environmentalist*. 1999; 19(2):145-161.
18. Brem A, Maier M, Wimschneider C. Competitive advantage through innovation: The case of Nespresso. *European Journal of Innovation Management*. 2016;19(1): 133-148.
19. Alvarez G, Pilbeam C, Wilding R. Nestlé Nespresso AAA sustainable quality program: an investigation into the governance dynamics in a multi-stakeholder supply chain network. *Supply Chain Management: An International Journal*. 2010;15(2):165-182.

20. Kaustia M, Knüpfer S. Do investors overweight personal experience? Evidence from IPO Subscriptions. *The Journal of Finance*. 2008;63(6):2679-2702.
21. Vicente P, Reis E. Factors influencing households' participation in recycling. *Waste Management & Research*. 2008; 26(2):140-146.

© 2017 Alrayees; This is an Open Access article distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/4.0>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Peer-review history:
The peer review history for this paper can be accessed here:
<http://www.sciencedomain.org/review-history/23063>