The Green Branding of Carlsberg

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Abstract

Environmental issues are seemingly receiving increased attention every day. This is considered to have a direct and prominent effect on the external environment of companies today. With this in mind, there are many speculations on how it affects a company in the future. The purpose of this study is to identify the influence of green marketing and whether it has any effect on Carlsberg with respect to their financial performance. Hence it was required to first determine how Carlsberg adapts to external market fluctuations that are predominated by green demands. Furthermore, a thorough investigation was conducted on which effects green marketing might directly impose on Carlsberg. This investigation consisted of an in-depth assessment on the effects that derived from implementing silent sustainability and greenwashing in the marketing strategy of companies in the past. From the conducted research, one of the key findings was the observation that green marketing has little to no immediate effect on the financial performance of Carlsberg. This is due to the fact, that green branding and green marketing is relatively new in the market today, and therefore is claimed to instead have a greater influence in the future. This form of marketing was found to be a method of future proofing for a company from the effects of future fluctuations in the external environment.

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1. Introduction

Environmental issues are becoming more prevalent and common to talk about with each passing day in a world where people hear about it in the news, political speeches, their daily lives and also in various forms of communication from companies seeking to sell their products. In today's context such a level of concern regarding the environment can be regarded to be natural for a lot of people who are concerned with the future. This concern generates a lot of interest and corresponding reactions not just from concerned citizens, lawmakers, and public faces attempting to make a change, but also from companies who has a similar agenda. In fact, quite a transformation has happened in the way in which companies react to and talk about environmental issues since the days when the fragility of our ecosystem first became a topic of discussion. Thirty years ago green initiatives were regarded as being attacks on the very act of doing business, something which could only seem to harm businesses in such extent that it would absolutely not be worth the supposed benefits to our environment. "*At first, the call to green capitalism was drowned out by the increasingly vociferous opposition to environmentalism in the 1980s and 1990s*" (Hawken, 1993). Not only was the sacrifice of increased profit in return for the sustainability of our climate not worthwhile, it appeared at the time that green initiatives implemented in order to force companies to conduct their business in a way that would be less damaging to the environment, was in fact preventing the companies from providing a solution to climate change. The very instance set in place to save the environment, was argued to be a damaging factor.

"*They [The opposition to environmentalism] argued that environmentalists grossly exaggerated the downsides of prosperity, that the free market ensured the wisest use of resources, that voluntary action to protect the environment was best, that private property owners were far better stewards of the land than government bureaucrats, and that environmental improvement required continued economic growth*" (Hawken, 1993).

Overall, the very idea of adjusting a business with an aim to become environmentally-friendly seemed at that time absurd. However, despite the largely negative discourse surrounding the subject of green approaches to conducting business, the idea of switching to a sustainable business principles would remain. This idea has, instead of being cancelled in the 80s and never to be brought up again, slowly build up. "*Despite the polarization of environmental politics, the effort to green business has engaged more and* *more people*" (Hawken, 1993). Not only was the movement gaining interest and legitimacy, it would soon become something to be viewed as a strategic move that could strengthen a business.

"*By the early 1990s, however, the issue had become a 'strategic' concern. Hoff man's evidence came mostly from the chemical and oil industries, but other evidence suggests that the trend is general. In the jargon of management, many companies have moved 'beyond compliance' with environmental regulations. They have dramatically reduced how much energy they use and how much waste they produce per unit of output. Some have pressured their suppliers to do the same. Many companies also have redesigned products to lessen their environmental footprint. A few now take responsibility for the ultimate fate of some consumer goods*" (Hawken, 1993).

A shift in the perception of the importance of such green initiatives has led to companies doing more than just what is required of them. Some would argue that companies could be doing so for the greater good, in order to help the environment. However, another argument could be that companies have found there to be a strength in 'going green'. In the past years it seems that words such as 'environment', 'green' and 'ecological' has become popular and awakens a certain desire in people to help the environment and a lot of companies have responded to this rising demand by offering products or services associated with these words. In other words, it is very likely that the simple idea of becoming environmentally friendly will in fact lead to increased sales number, something which could prove to rival the obstructive perception of the 80s, of green initiatives inhibiting businesses from reaching their potential.

2. Problem Area

As mentioned before, the general mind state of the world has shifted quite a bit these recent years, mainly because of the major changes in the climate which has affected hundreds of thousands of people worldwide. For each passing day, more and more will be affected from the ongoing process of the greenhouse effect, which continues to make our global climate warmer and warmer.

As the general mind state of the world has changed, people have become more aware of consequences which follow from the use of material, fuels, industries, etc. For example, fossil fuel, the meat industry, non-degradable materials like plastic, etc. Plastic in particular has been in the spotlight for some time. The once 'so-popular' material has to this day become generally despised. New knowledge and experience have taught individuals that plastic may not be as harmless as initially thought.

The green movement has even made its mark on companies, small and large. An example of this is Carlsberg who has completely removed plastic from its 6-packs and thereby reduced the amount of plastic produced by tons. This has sparked the interest of the media in Denmark and the general population who praise Carlsberg for taking a green initiative as a large corporation who stereotypically only interest is its own. However, one could question the authenticity behind move of Carsberg towards a greener future. Is Carlsberg following the movement or is it capitalising on the movement?

This research paper would like to investigate the case of Carlsberg and its green initiative as its new marketing strategy. This way we may compare how the financial situation is for the companies and draw some conclusions towards our research question.

2.1. Research Formulation

The area of concern, which this study is interested in researching about, is the conventional business who aims to contribute to the environment, by the adoption of sustainable applicants through the means of green branding. The troubling question is whether or not marketing has an effect on the financial performance and brand value. Our research will investigate this by exemplifying Carlsberg and the existing literature on the matter, which will supplement the research. The conducted research combined with an interview will help to point in a meaningful direction for the deliberate investigation, in order to form a conclusion on the strengths of green branding. Another important notion that our research will investigate is the notion of whether financial risks can outweigh the potential reward, which a green branding strategy can give. The determining variables for forming a conclusion will be achieved through using concepts from both Finance and Marketing. The two subjects which we have drawn a focus on, will help to investigate the extensive changes of the environmental dimension and its implications or potential opportunities it can create for a firm today.

The research's aim is to create an overview of what concerns a company must address when employing a green branding strategy, with a focus on the concepts of green washing and silent sustainability. The important aspect of the research is the implementation of sustainable strategic tools and whether it is implemented to maintain a good image, or to secure financial stability in a long-term perspective.

2.1.1. Research Question

The research question for this paper is:

To what extent does a shift to a green marketing strategy influence the financial performance of Carlsberg in the long-term?

2.1.2. Working Questions

The following sub questions will serve as help to answer the research question:

1) How did Carlsberg try to adapt to external market changes predominated by green demand by their marketing?
2) What considerations must a company make before launching a green marketing campaign?
3) To what extent has the green strategy of Carlsberg currently influenced their financial performance?

3. Research Paradigm

An interpretivist approach will be applied to this study. The reason why this approach was chosen is that the researchers behind this study believes that companies can be considered different entities with different subjectiveness. Companies are made up of a hierarchy of people who each have their own subjectiveness and goes by their own and the company's value. This study agree with the notion that actors in companies are subjective, but acknowledge that this thought presents a challenge in answering the research question since it would be difficult to assess all the actors in a company. Therefore, this research will be based on the entirety of the company and the subjective perception that company has in order to answer the research question asked in this study.

3.1. Interpretivism

Understanding is an essential idea in interpretivism. Rather than try to explain, interpretivism tries to understand and illustrate how individuals may perceive phenomena and events. The focus is therefore in the actors' understanding of something. This is an important notion to this project, because as mentioned before, the subjective is very present even in entities like companies. This is relevant with the marketing aspect of this paper, because it is important to be able to understand the interpretive aspect in marketing and how it affects people.

Knowledge will be achieved by going into the research field and interacting within it. This is different from other philosophies within social science which recommend having an objective external view of the phenomena rather than interacting with it. This type of interaction would have proved to be difficult to carry out and to answer the research questions within this study, and therefore it was determined that interacting with the actors would prove to be a more successful approach.

Preconception is an important element in interpretivism and interpretivism recognizes that researchers may have certain personal preconceptions. Instead of disregarding preconceptions entirely like other research philosophies, interpretivism acknowledges that the start of a research is based on what is known before it.

Using interpretivism is beneficial on some aspects, however, every science philosophy has its own share of limitations which researchers have to acknowledge. Information in interpretivism is gathered and in some ways interpreted from the researcher. This is a limit in that an interpretivist study may be subjective and not value-free compared to the view of other studies who use different philosophies. Interpretivism believes that science cannot be value-free, and this has to be acknowledged. Instead of viewing this as a negative element, interpretivism accepts that this happens rather than trying to hide it completely. In order to make sense of something, which is what interpretivism tries to, one has to have a subjective which can help one to understand why these phenomena may happen. However, this does lead to the conclusion of this study to be an "open" study, because it does not have a definitive answer like other philosophies may offer.

4. Green Discourse

As mentioned earlier in the introduction to this paper, there has been quite a shift in the way environmentalism and green initiatives are viewed today. The purpose of this chapter is to showcase the change the discussion of branding strategy has gone through in marketing research and discussion with the use of the analytical software Nvivo. This will illustrate that the subject of green initiatives is more relevant than ever today.

The managerial discipline has in many years regarded branding as a strategic tool, which has been used with frequent success (Rooney, 1995, p. 48). Different kinds of approaches to this strategic tool has been seen through the years. In the 1990's more companies were starting to use more creative and innovative strategies. The idea of green branding in the managerial discipline was introduced in the 1990s which resulted in companies becoming more involved in 'corporate social responsibility', hereinafter referred to as CSR, related activities (First, 2007, p. 75). It should be noted that the introduction of green branding did not necessarily mean that companies regarded green branding as a successful strategic tool at the time.

Increasing ecological concerns with environmental footprints has resulted in a more frequent use of green branding as a strategic tool used by managerial disciplines across the world (First, 2007, p. 76). Ivana First (2007) explained how Ibáñez Hartmann was among one of the first to provide a contemporary analysis regarding green branding. He classified the positioning of green positioning as more emotional. Emotional branding is said to increase positive brand awareness. Therefore, green branding was argued to benefit brand awareness. In other words, green branding had the effect of incorporating the environmentalism into the company's strategy (First, 2007, p. 76).

The result of adaptation to the green positioning by a larger number of companies introduced the terms eco-innovation, green value co-creation and green communication across the managerial disciplines (Danciu, 2015, p. 47). There is evidence for a significant increase of ecological and green consciousness, in which have pushed the general management framework to enhance their focus on green solutions (Danciu, 2015, p. 48).

As mentioned before, there has been quite a shift in the managerial discipline regarding branding strategies. This will be illustrated below through the software programme NVivo. With the use of query and word frequencies in the program, one can assess the frequency of certain words in literature. This will be illustrated by gathering literature from the managerial discipline regarding branding strategy from 1990 - 2009 and compare with 2009 - 2019.

The results from the first frequency test is visualised in figure 1 below and show that the literature gathered from 1990 until 2009 puts an emphasis on the words sustaining, development, environmental, market.

Figure 1. *Word Frequency for literature on Branding Strategies in 1990 until 2009 (generated with NVivo)*

To investigate whether there has been a shift from 2010 until 2019, when searching for brand strategies in REX, one can hereby see that the result was different. Here the other visual representation for the more recent decade showed that the literature put more emphasis on ‘environmentally, greening, brand, innovative’. There is thereby a clear difference in the focusing the literature, meaning the deployment of the green discourse across the world in the literature has expanded in the past decade.

__Figure 2.__ Word Frequency for literature on Branding Strategies in 2010 until 2019 (generated with NVivo)

In addition to this, the representation of the word greening, innovative and ethical is much more represented in the word cloud from 2010 to 2019, rather than the word cloud from 1990 to 2009. Thus, one can see that the first word cloud puts emphasis on sustaining rather than greening, which is due to the emergence of CSR in the 1990s.

The two figures represent the most common words relating to branding strategies. It is clear that there is a shift from 1990 to 2009 and from 2009 to 2019; the shift being mainly a change of discussion within the scientific debate of branding strategy which has shifted towards a greener perspective as climate change has become more serious. Research regarding green initiatives in branding strategy is becoming more relevant than ever today, and this study tries to fit within that realm.

5. Methods

This chapter in this research paper will introduce and examine the different kinds of methods used to conduct this research. The use of the methods will be described as well as the positive and negative effects from using that particular method. This section of the paper will be purposely be as transparent as possible in order to maintain the reliability of the paper.

5.1. Data collection

An important part of a research paper is the data collection. *"Data collection is a process of collecting information from all the relevant sources to find answers to the research problem, test the hypothesis and evaluate the outcomes"* (Dudovskiy, 2019). Data collection can be regarded as a form of instrument, which will push the project towards answering the designated research question which the researcher behind an academic paper has established from start (Bryman, 2012). It is therefore important for the researcher to place extra attention on achieving a more than satisfying data collection. It is crucial to consider the degree of the quality which the data collection will have to have, and also how that quality will be achieved (Bryman, 2012). The intention of the researchers behind this paper will be discussed in this section. The purpose of the data collection section in a research paper is to illustrate the decisions and process of data gathering as transparent as possible. This will be done by discussing what type of data will be gathered and how it will be collected. The pros and cons will be discussed and assessed by the type of data.

The data gathered in this paper will be primary data and secondary data. The methods which will be used in this paper to gather that primary data will be through qualitative methods. Qualitative methods was chosen as a method because it would help the research to gain a good understanding of the actors within the chosen problem field, as well as provide valuable insight of the problem area of interest. The secondary data gathered in this study will be done through quantifiable data which will illustrate the situation in the research area of interest. In this case the quantifiable data is an annual report and will be further clarified in this chapter.

5.1.1. Primary data

The data used in this research paper will be regarded as primary data. The purpose of this data will be to serve as information for the researchers behind this paper to analyse and discuss. As a result, the primary data will serve as an important factor in answering the research question of this study. It is therefore important to assess the nature of primary data. "*Primary data are data that are collected for the specific research problem at hand*" (Hox and Boeije, 2005). This is in contrast to secondary data which initially was collected for a specific research problem, but thereafter is used again for a different research problem. There are different advantages and disadvantages in using one another. The advantage of primary data is that the data is up-to date. The information gathered is as relevant as it can be. It is made from direct observations and is collected for a specific purpose. Another advantage is that the data can be considered reliable for the researchers behind the study, because it is gathered by them. The researcher can design the collection of data in a certain way and get the most relevant information to answer the research question.

"The theoretical constructs, the research design, and data collection strategy can be tailored to the research question, which ensures that the study is coherent and that the information collected indeed helps to resolve the problem" (Hox and Boeije, 2005, p. 594). However, the disadvantages are also present when using primary data. The process of gathering primary data can be very time-consuming and sometimes also costly. This is in contrast to secondary data (Bryman, 2012, p. 13).

Both qualitative and quantitative approaches were considered in regards to gathering primary data, but it was decided that qualitative methods was the most relevant and would correlate best with the chosen interpretivist approach in this study. A qualitative approach also seemed fitting with an inductive approach, since the information sought after was not available for the researchers at that time. This will further be elaborated in this chapter.

5.1.1.1. Qualitative method

The qualitative method in this research paper will be in the form of an interview. The purpose of the interview is to gain as much knowledge as possible from an individual who will act as a window into the company of interest in this paper.

5.1.1.2. Interview

As mentioned previously, the qualitative method which will be conducted in this research will be in the form of an interview. The purpose of an interview is to find a spokesman representing of Carlsberg and would act as a window into the operations and decision making in the marketing aspect of Carlsberg.

An interview was scheduled with a person who has worked for 19 years as a senior manager for the 'marketing and sponsorships' department at Carlsberg. The interviewee has been a prominent person in Carlsberg, even receiving the Carlsberg Best Activation Award and is very relevant to our field of study. The interviewee left Carlsberg in 2013 and has then become a lecturer at CPH Business and an external lecturer at CBS teaching marketing and sponsorship management.

The dialogue with the interviewee started when the investigators behind this paper was introduced to the interviewee by a fellow student at a seminar at their institution. The relation of the student to the interviewee was formal and was based on taking one of the classes of the interviewee at CPH business. The interviewee was contacted through email and an interview was set up with him a week later.

There are, with every interview and interviewee, some things a researcher has to be aware about. One of the main concerns in interviews is mainly the possibility that the interviewee may be biased in some way and would present biased answers. One of the main factors for thought was the interviewees long relationship with Carlsberg. It was therefore important for the quality of the interview that the interview guide is prepared for potential bias. The interview was initially planned to be a semi-structured interview. The reason behind the chosen structure for the interview was the intention of making the interviewee feel relaxed and the interview not feel static by the flexibiliness from conducting a semi-structured interview. The questions in the interview guide were planned to be open-ended, so that the interviewee would have as little chance to answer with static responses. When the interviewee would answer the asked questions, it was planned that the interviewer would, whenever they found relevant, ask follow-up questions to further extract information which the interviewee may be in possession of.

The meetup place and time was agreed to be at a location and time which the interviewee would be most comfortable at, at the institution where the interviewee teach and after one of his lectures. This would allow the interviewee to be in the best position possible to answer questions without any limitations. Before the interview the researchers behind the interview made sure to introduce themselves to the interviewee, and converse with him. This was done in order to familiarize the interviewee to the researchers and the interest of the research. The interview was explained to the interviewee, making sure that he was aware of how the interview would progress and what kind of questions were going to be asked. The interviewee was very positive, very talkative, and showed great interest in this study. The pre-interview conversation slowly progressed into an interview which was not recorded. The interviewee was interrupted and was told that the recording would begin now. The first question was asked and the interviewee gave a lot of information, surpassing what was expected. The interviewee covered different aspects and the information became overwhelming. Follow-up questions were hard to ask, especially since the amount of information exceeded the expected amount and the interviewee seemed to answer possible questions which was thought of during the answers. Due to the minimal amount of follow-up questions and sticking to the script, the interview ended up having similar characteristics of a structured interview.

This change of structure had no effect on the results of the interview as it did not change the information which was sought after, it merely changed the way the information was recorded. Rather than having to extract certain information out of the interviewee, the interviewee tried to give as much information as possible for the questions, covering several areas.

As mentioned before, one have to beware of the information an interviewee gives since the person may have a certain bias towards a subject, in this situation it being a company the person once worked at. Surprisingly, the expectations of major bias in the interview was again not met. It was expected the interviewee would speak fondly of Carlsberg and their marketing operations, but instead the interviewee did the opposite and did not romanticize marketing aspect of Carlsberg which was initially expected. The interviewee delivered very straightforward and genuine answers. However, one should still be wary of the persons answers and certain bias. The researchers behind this study will investigate the answers of the interviewee and try to verify the information given. This will be done by gathering information from multiple scientific articles on the matter and thereby check if some information may be inaccurate in some way.

The purpose and plan of this interview was to use it to gain a view over the marketing operations within Carlsberg. By interviewing the person of interest one can gain an inside view of the research area of interest. The information gathered in the interview will assist in analyzing the situation of Carlsberg and illustrate how a green marketing strategy may have an effect on the financial performance of Carlsberg from the eyes of a former employee.

5.1.2. Secondary Data

A portion of the data gathered within this research can be qualified as secondary data. Secondary data is data which has previously been collected and used for a different research (Hox and Boeije, 2005). In this case the secondary data is in the form of an annual report from Carlsberg Breweries Group, illustrating the financial situation of Carlsberg in the year 2018. The advantage of using secondary data is that the data has been made available to use and can therefore be used with other types of research. This can save the researchers the hassle of collecting the data themselves which takes up a lot of time and cost (Bryman, 2012). However, one should consider the limitations of secondary data, one of them being the bias or subjectivity of the data. Since the primary data collection is conducted by other researchers, certain elements of subjectivity can be in it (Hox and Boeije, 2005). This correlates with the philosophy of interpretivism in this research, so it cannot be ignored that the data used have been previously interpreted. The bias can be visible in the annual report which will be further explored in the section beneath.

5.1.2.1. Annual report

The annual report of Carlsberg is a source for secondary data. The annual report is from 2018 and done by Carlsberg Breweries Group. The annual report applies to all departments in Carlsberg. As mentioned before, since the annual report has been created by the Carlsberg Breweries Group, it is certain that the data may have some subjectiveness in favour of the company Carlsberg. The annual report is mainly for stakeholders, so it is mainly displaying the positive numbers of Carlsberg. This does not mean that the data cannot be used. The data in the annual report will be mainly used as an argument to support the notion that Carlsberg utilizes a hedging approach. The annual report will further be used for the assessment of Carlsberg's financial risks which can underpin a disadvantage for them. This way the annual report will serve as an illustration of Carlsberg’s financial risk towards external market volatility. Lastly the annual report will be used to investigate whether Carlsberg’s green initiatives have had any significant effect on their net revenue.

5.2. Inductive approach

An inductive approach will be applied to this study. This approach is chosen as a result from the research initially starting on information gathered from observations made by the researchers behind this paper. The observations were made on what was examinable from an initial glimpse upon the phenomena and the research area which contains it. These observations acted as information which the researchers behind this paper were interested in further examining. The purpose of an inductive approach is to find or create a relevant theory which can illustrate and generalize the observations made. This can happen while the research progresses and more and more information and patterns are discovered within the research area. This is where the role of the observations play an important part, as it will function as the basis of the relevant theory (Bryman, 2012).

6. Literature Review:

A literature review is generated in this chapter by the gatherings of various data on the chosen field of study. Many researchers have conducted scientific research with a focus on the growing ambition of green image, which is why we have chosen to narrow it down to the green branding and marketing of Carlsberg. It is possible to gain a general overview of what has been studied by this literature review and it serves as an aid in selected relevant literature in order to derive at the desired conclusion.

6.1. Customer Trust

A study was conducted by Sri Widyastuti et. al (2019) where he researched whether a green corporate image would influence the corporate social responsibility of Unilever. Corporate social responsibility, referred to as CSR hereinafter, "*is a self-regulating business model that helps a company be socially accountable — to itself, its stakeholders, and the public*" (Law, 2016). Moreover, *"The company's responsibility in creating green products is the most pivotal role since it will help the companies supporting sustainable growth and gain a competitive advantage"* (Widyastuti et. al., 2019, p. 84). According to Widyastuti et. al (2019), it is, to an extent, essential for the company to create green brands in order to obtain the consumers' value and trust, this way Unilever will be able to, as mentioned, to gain a higher competitive advantage by integrating a more green image. Due to globalisation, companies are able to gather more information about the environment in areas that the company is not typically associated with. Thereby, according to Widyastuti et. al (2019), companies can create greater consumer value through increasing a certain trust with their consumers, by portraying that they are more environmentally friendly. In other words, with this method, Unilever is able to create a better trust with their consumers, as they are more aware about the environmental issue worldwide. *"Industries with a positive green attitude have taken actions and initiatives in achieving sustainable development for competitive* *advantage in a dynamic and challenge global market"* (Widyastuti et. al., 2019, p. 85). The study carried out by Widyastuti et. al (2019), found that according to the customers of Unilever, the customers naturally trust a company more if they are running a green marketing program, which ultimately will provide a better CSR program.

6.2. Green Marketing

With the same study by Widyastuti et. al., (2019), it is mentioned that by implementing green marketing into the company Unilever' strategy, they were able to successfúlly build a green corporate image which for the consumers is considered a good image. With Widyastuti et. al., (2019) quantitative research and case studies, the research concluded that green marketing had a significant effect on the CSR program and thereby brought definite benefits. This way, Unilever was able to continuously conduct more CSR programs, which provided a high and positive value for their customer-trust. The green marketing strategy also provided the company with a better green corporate image.

Moreover, as most studies written about green branding consist of the change of a company becoming more organic and environmentally friendly. Another study, by Chairunnisa et. al., (2019) on green marketing, had a focus on a cosmetics store called The Body Shop. This research focused on the green marketing mix of the company. With multiple hypotheses, Chairunnisa et. al., (2019) concluded that there is indeed a positive effect by utilising the green marketing mix on consumer satisfaction. In other words, the researchers' test indicated that with The Body Shop creating green products, it resulted in a higher customer satisfaction (Chairunnisa et. al., 2019). As the literature shows, there is a larger demand for greener products and services.

6.3. Brand Management

A study conducted by Ivana First (2007) introduces the concept of brand management. First (2007) conducted the research upon the public concerns for both the social and environmental issues, and how these concerns have acquired a considerable level of interest for consumers choice of products. She addresses that the customer demand shift made "*companies attempt to respond with the introduction of a variety of green products*" (First, 2007). The concept of brand management is important as it is known that a brand is complex and an abstract concept. It is therefore much "*more than a name and a logo*" (First, 2007). For brands, different factors form the identity of the brand: "*personality, relationship, image, value proposition, brand essence, benefit for customer, etc*" (First, 2007). Brand identity is the characteristics that the brand itself wishes to be associated with, but differs from brand image. Brand image is the outcome of brand identity after it has been distorted by noise and competition in a market (First, 2007). A company can still affect their brand image by developing its brand identity, which can be seen today with how companies try to resonate with consumers on a spiritual and ethical level.

6.4. Green Shift of Consumer Demand

Alessio Cavicchi (2012) explains how Ottman's latest book underlines that a large percentage of consumer needs has shifted to a truly sustainable fashion. Ottman compares the early implementations of green marketing in the 1980's with the present-day popularity of more sustainable and green products. In addition to this, the study suggests that there is a consumer concern about environmental issues, which contributes to the consumer adoption of green behaviours and products, however also in relation to the role of media and government (Cavicchi, 2012).

Victor Danciu (2015) puts great emphasis on the more recent developments on green branding, green communication to consumers and the current green value creation for consumers. A recent understanding on the importance of green positioning for companies shifting to the needs of the market is provided by Danciu (2015). This study states to have more recent knowledge within the growing ecological and green consciousness that "push towards an increasing importance of the green solutions" (Danciu, 2015, p. 48) for implementations of marketing strategies.

6.5. Pressured Green Management

A study was done by Jacquelyn A. Ottman & Michael Jay Polonsky (1998) on the exploratory examination of whether marketers include stakeholders in the new green product development process. The study recognises that many firms are attempting to change or innovate their existing or new product lines to a less environmentally harmful one. The study also reflects upon the shift in consumer demand, to a more environmentally aware one, however it identifies the corporate world to have a limited environmental expertise (Polonsky and Ottman, 1998). The study recognised problems that the corporate world face when trying to adapt to the Rules of Green Marketing Strategies that are still present today. (Li et. al, 2017) is a recent study which expresses similar environmental issues that firms face. One argument from Li et. al, (2017) is that companies are still to this day lacking expertise in addressing the sustainable change across all their departments. Moreover, due to the increasing pressure from various stakeholders, more firms have to deploy these changes (Li et.al, 2017). Stakeholders and the expressed 'green demand' are increasingly pressuring firms to incorporate green management into their business practices. Many firms recognise this but cannot accomplish in satisfying stakeholders in those areas without tools to do so and with the fear of it being risky, expensive and with no short-term reward (Li et.al, 2017).

6.6. Sustainable Strategy and Innovation

Enhancing corporate image is often done by effective marketing, and Ottman (2011) has published several studies and books regarding that matter, as mentioned above. Her views on sustainable strategies are an adaptation to consumer needs and "*new strategies with a holistic point of view and eco-innovative product and service offering*" (Ottman, 2012, p. 43).

Ottman (2011) concludes in her book with an analysis of a business case where green marketing and sustainable innovation lead to increased profits, provided new sources of innovation, enhanced corporate image and equity, and even allowed business leaders to integrate their "*own values and vision into the workplace*" (Ottman, 2012, p. 20). The vision of a greener and socially aware marketplace, by being a useful resource and a practical guide to green marketing initiatives, is the starting point of the given research on green branding.

6.7. Ethical branding framework

A study by Alwi et. al., (2017) aims to determine whether a corporate brands functional and emotional values influence the reputation of a company and their brand loyalty. In other words, does the service quality, perceived price and sustainability of a product consequently affect the reputation of the company from their external environment. The study illustrates the complexity of a modern business world and the challenges which come when a business adapts and develops a corporate brand image to that given higher complexity (Alwi et. al., 2017).

In response to the growing complexity, higher ethical values have grown which ultimately have resulted in greater ethical corporate marketing (Alwi et. al., 2017). Ethical branding has a relation to green branding, as a growing number of firms in the corporate world constitute a response to climate change. These responses are sometimes also seen as an ethical and moral act. The ethical act is the proposed act "*that organizations must balance their relationship between making money and doing the right thing via an 'ethical brand identity*'" (Alwi et. al., 2017). The key notion of both green branding and ethical branding is the current situation of society, legislations, expectations, responsibilities are influenced by ethical principles which all comes down to the emergence of corporate social responsibility (Alwi et. al., 2017).

6.8. Dissonant cognitions

Gilles Séré de Lanauze and Béatrice Siadou-Martin (2019) study reflects on the ongoing climate crisis and on how it affects the cognitive processes of consumers. "*People tend to modify at least one of the dissonant cognitions, either lowering the impact of the new attitude or actually modifying their behavior*" (Lanauze et. al., 2019).

Consumers' growing concern about the effects of the climate crisis introduces a tendency of changing their behaviour to a 'greener behaviour' because of their 'need to contribute positively'. This *"behavioral change will only happen when the cognitive processes of adverse attitude becomes stronger*" (Lanauze et. al., 2019). The study reflects on the increased availability of information by the media, which is argued to have a correlation with the changes of the cognitive minds of consumers. Negative messages in the media about a product can lead consumers to change their consumption practices (Lanauze et. al., 2019).

6.9. Environmentally Friendly Companies

In this field of study, a lot of literatures have researched on the matter of companies being environmentally friendly. A terms that is largely researched is green branding. Cedric Hananel (2019) study investigated whether European consumers and companies are becoming more environmentally friendly. According to a poll in the study, 94% of Europeans both "*citizens and companies are well aware of environmental threats, particularly plastics waste, climate change, pesticide use and other threats to biodiversity*" (Hananel, 2019), and are becoming aware of how goods and services which they purchase are being produced (Hananel, 2019).

Hananel (2019) illustrate in his study why companies feel the need to go green as "*social concerns and responsibility toward enhancing sustainability have led to the emergence of marketing strategies that promote green*" (Hananel, 2019). The study highlights that a significant proportion of the European Union's economy consists of small and medium sized enterprises; hereinafter referred to as SME. Although a few SMEs are not considered to affect the economy nor the environment largely, Hananel (2019) states that since there are millions of SMEs in the world, how these SMEs decide to manufacture their goods and services will inevitably have a significant effect on the environment. Similar to Hananel's study, Natalie Parletta (2019) deems as well that the increasing consumer demand for environmentally friendly products, encourages businesses around the world to go green as well. According to Parletta (2019), a reason for why companies are urged to go green is that most consumers are concerned with at least one environmental issue, thereby " *more than 80% of people respect companies and brands that adopt eco-friendly practices, according to an international survey*" (Parletta, 2019). Parletta (2019) deems another reason derives from the issue of boycotting. *"Consumers want to make responsible 'green' purchases, but do not always have the means to do so"* (Parletta, 2019). Parletta (2019) argues that the idea of going green for companies and as a result avoid being boycotted by consumers becomes much more relevant for them. Going green is argued to have several benefits for companies, such as improved efficiency, healthier workplaces and, in some cases, cost savings (Parletta, 2019).

6.10. The Gap in the Literature

This literature, covering various different aspects of green branding and environmentalism in general, manages to answer a broad range of questions that one might have about this topic. Specifically the literature creates an understanding of why companies may be interested in participating in the act of green branding, as well as, what is causing this societal and political push for a more green production of goods. However, none of this literature explores how green branding affects a company's financial situation, neither in the short-term nor the long-term. This is the gap in knowledge that this paper will try to cover. For this specific reason, the Danish company Carlsberg has been chosen as the case study, which the research will be based upon. Rather than seeking an understanding of why a company like Carlsberg would be intrigued by the idea of launching a green marketing campaign, this paper will explore how this green branding works, and more importantly, what the effects it are.

7. Definition of Terms

The fundamental purpose of this chapter is to briefly provide an overview of the different terms utilised throughout the analysis.

7.1. Green initiatives

When aiming at sustainable building of a green branding strategy, the term Green Initiatives is often mentioned since it is the cornerstone of green branding (Bagdad, 2013, p. 426). Green initiatives is any initiative done by a company to incorporate and deploy less environmental footprints in the operating activities of the company. The initiative can be e.g. plastic free six-pack beer cans of Carlsberg, as this was a green initiative carried out as a part of their green strategy. The main definition of a green initiative is "*a resolute pursuit of green opportunities*" (Sommer, 2012, p. 31), where the company takes advantage of a given opportunity.

7.2. Green positioning

A company's positioning in the market is entering a specific environmental domain and accordingly to that domain adjusting for the given demand. *"An organizations domain is the chosen environmental field of action"* (Daft et. al., 2017, p. 148). When a firm green positions itself, it compensates for the previous posting, it adjusts or implements green initiatives to accordingly meet a green positioning than the position in the market it had before. In other words, it adjusts from management to green management, by "*make environmental concerns integral to their corporate goals, practices, and strategies*" (Li et. al., 2017). Furthermore, a green positing is the environmental positioning of the firm which integrates customer and stakeholder needs, while considering competitors market power and their potential future moves (Sommer, 2012, p. 6).

7.3. Green Communication

Polonsky and Ottman (1998) suggested that going green would both be good for the environment and it would give the company going green a competitive advantage. However, the important factor with the strategy was that the green efforts by a company had to be communicated, or else there would be no effect. Communicating these efforts, was by Polonsky and Ottman (1998) called the act of green communication. Moreover, since “organisations consist of three elements: communication, willingness to serve, and common purpose” (Sommer, 2012, p. 6), green communication is mainly the exchange of information regarding the company's activities and behaviour (Sommer, 2012, p. 115).

7.4. Green value creation

The characteristics of value-creation is not merely meeting the demand of the customer, but adding certain features without having to, creating an additional value for the consumer without them asking for it (Sommer, 2012, p. 15). Whereas green value creation is when a company deploys activities with a green value proposition, thereby when they make use of green branding it creates green value, “Green business models may allow particularly large shifts, e.g. by enabling innovative new, green value propositions that expand existing or create new markets” (Sommer, 2012, p. 35). Thus capturing value is different from creating value. Capturing value is through channels, relationships, customer segments, functionality value- and price level. Whereas creating value is through brand, people, information, technology, investment, funding, primary and support activities (Sommer, 2012, p. 68). The initial goal of a company deploying green branding is thereby to create value through brand, information and funding to get a profitable margin out of it.

7.5. Corporate social responsibility

The concept of corporate social responsibility (CSR) stems from integrating environmental integrity, economic prosperity and social equity principles into acts by an organisation (First and Khetriwal, 2010, p. 92). The act of sustainable development, sustainable deployment and integration across all of the departments in an organisation is what corporate sustainability is. Deploying CSR is closely linked to deploying a more ecological concern as a fundamental orientation of a company. Reducing the ‘ecological footprint’ is thereby a CSR act (First and Khetriwal, 2010, p. 93).

8. Conceptual framework

In order to analyse how a green marketing strategy influences the financial performance of Carlsberg, it is fundamental to apply a conceptual framework to the investigation and avoid of necessary information. Combined with the data collected, these concepts of silent sustainability and greenwashing will provide serve as an aid when analysing marketing methods and the influences thereof. This conceptual framework will therefore, provide a foundation for the analysis in the following chapters below.

8.1 Silent sustainability

Green branding can be considered as great achievements. According to the news article website The Guardian (Coburn, 2019), multiple companies switch their manufacturing and products silently to sustainable manufacturing and products. The term, silent sustainability is modified according to the term 'secret sustainability' which was found in the article "Why Industry is Going Green on The Quiet" by Cassandra Coburn (2019). While there are many companies that are marketing their green credentials in their manufacturing and services, there are other companies who are strategically not revealing their sustainable manufacturing techniques to the public nor to their supplier. "*It is one of many practising 'secret sustainability', whereby innovations are silently enacted and kept from the rest of the industry*" (Coburn, 2019; Cone, 2012). Cone (2012) found that companies fear marketing their products' green characteristics, because consumers would associate those characteristics with a higher cost. This can be seen in companies who have intentionally steered " *clear of touting its credentials because [he] fears it may actually be a turn-off to mainstream consumers*" (Cone, 2012). One of the general reasons as to why some companies decide to keep their sustainability silent, because of the downsides that follow; " *consumers seem unable to accept that sustainability does not have to cost more to create an equally good product*" (Coburn, 2019). Reduction in product quality or an increase in pricing; these are two downsides of sustainability, therefore, if there is an increase in product pricing of a low-priced product, consumers will typically question the quality of the product and thereby purchase similar product elsewhere (Coburn, 2019). According to both Coburn (2019) and Cone (2012) those companies and manufacturers who are not touting their sustainable credentials and instead are staying silent are typically those who are able to stay successful. *"We know that the best manufacturers are improving their energy efficiency about five times* *faster than the average company. We need to see sustainable goods and services move to the mainstream instead of being hidden in the shadows*" (Coburn, 2019).

8.2 Greenwashing

The concept of greenwashing is the act of overemphasising the sustainable and environmentally friendly efforts of a company and thereby mislead the perception the public eye (Doyle, 2016).

In order for greenwashing to rise in the industry, green marketing must have had a positive influence on the consumer behaviour. Green marketing is the method of *" marketing products that benefit the environment "* (Law, 2016). The term 'greenwashing' was first documented by Jay Westerveld in 1986 (Waston, 2016; Chaun, 2019), when the public was mainly given information about companies through television, radio, newspapers and other print media. At this decade public information was not easily accessed. The general individual was not as aware of the environmental situation as they are at the current date. Due to information merely being presented by different newspapers and radios, as mentioned earlier, the public individuals needed to solely trust what the media presented to them. However, as the technology evolved immensely, individuals are able to access more information than afore, and in this way the public are able to research whether the information presented to them by a company is true or false. With the environmental situation today, the general public is becoming more and more environmentally cautious, thus encouraging companies to turn to the importance of environmentally friendly methods (de Jong, et al., 2019).

According to researchers, it was suggested that greenwashing would eventually have a negative influence on a company, however, according to de Jong et al. (2019) it was found that in some cases of greenwashing will have a positive effect on the brand valuation of the company if not caught (de Jong, et al., 2017). According to (TerraChoice, 2007), there are seven methods of greenwashing, these are named the seven sins of greenwashing. The first sin is of hidden trade-off; that is when a company suggests they are environmentally friendly due to their product being green, but the process of producing the product is an environmental issue. Moreover, the second sin of greenwashing is named the sin of no proof. This sin is defined as it is implied, meaning when a company claims to be green, however does not provide the public with evidence nor information as to how they are environmentally friendly

(TerraChoice, 2007). Similarly, the sin of vagueness is concerning a claim that is either poorly defined or too broad, thus misleading the consumer. On the other hand, the sin of worshiping false labels is when a company gives the impression of being green through a made-up third-party endorsement. The fifth sin is the act of having a truthful environmental claim, however that claim " is unimportant or unhelpful for consumers seeking environmentally preferable products ", thus being irrelevantly green (TerraChoice, 2007). An example of this sin of irrelevance is the claim of being green because the company is CFC-free, however CFC is in some countries companies are obligated to be CFC-free, thus the marketing of being green becomes irrelevant (TerraChoice, 2007). Another method of greenwashing is when a company has a truthful claim, which may mislead the consumer from actual environmental issues or other health issues; for example, if a company produces organic cigarettes, it may be green however risk the health of consumers. The lastly, (TerraChoice, 2007) defines the sin of fibbing as the act of falsely claiming to be environmentally friendly.

Although different authors claim greenwashing to have a significant effect on a company, with this concept of falsely misleading a consumer one can derive to a reasoning of why a company would choose to adopt the method in the first place. In this project, the concept will aim to serve as an aid towards analysing the influence a marketing strategy can have on a company. Despite greenwashing being categorised into seven methods with the overall concept, this project will seek to uncover the how utilising the concept or not may influence companies such as Carlsberg. However, by utilising solely greenwashing as a concept it may result to be difficult to derive a conclusion, therefore with the aid of the concept of silent sustainability, one may gain a more fundamental conclusion on the methods of Carlsberg.

9. Analysis

The purpose of this chapter is to utilise the framework and findings that would thereby generate an understanding regarding the overall research questions of this study. In order to generate this understanding, with the use of the interview (see appendix 1) combined with the conceptual framework, assessment of the private good by a short microeconomic analysis and working questions, an analysis of the problem in this study will be conducted. The following section will draw upon what type of good the Snap Pack is, the current influences of both the external market, the influences of green branding strategy and lastly an analysis of the financial performance of Carlsberg of their current position and their financial initiatives to reduce the risk, which the market can impose on the company.

9.1. Micro-Economic Analysis of Carlsberg's type of good

Determining the type of good which a company is trying to sell, is an important part of understanding strategic decisions and incentives for the company. Essentially what is done when determining the type of good is a categorisation of the product, which offers a better understanding of the commodity as well as the market in which the commodity is sold. When determining the type of good there are two different factors to consider. First one being whether the good is excludable or non-excludable. This means whether certain people can be and are excluded from consuming or partaking in the good. An example of an excludable good is everything that needs to be purchased and comes at a price, simply because people can be excluded from the good based on them not having the amount of money or an equivalent value in other goods that can be traded for said good. The second factor is whether the good is rival or nonrival. This means whether the good can be consumed by multiple people, you could say it is dependant on whether the good will be depleted after initial consumption, contrary to a good that can be enjoyed by multiple people and possibly multiple times. These two factors leaves us with four different categories of goods. First one is public goods. These goods are non-excludable and non-rival, in other words, these are goods that everyone can make use of and the use of said good won't result in it becoming unusable by others. An example of a public good is something as universal as the air we breathe.

The second category of good is common resources. These goods are non-excludable, meaning that there is no barrier for entry when it comes to consuming the good, no price that can exclude certain consumers. Common resources are rival goods, meaning that they can only be consumed once and by one consumer. Examples of this type of good is the fish in the ocean. They are publicly available and, essentially, no one is excluded from fishing these fish, however, once a fish has been caught and eaten, that same fish can not be caught and eaten by someone else, hence the rival aspect of the good.

The third type of good is club goods. These are goods that are excludable, yet non-rival. This means that there will be an initial cost, some sort of price for entering into the consumption of said good, however, one person's consumption of the good does not eliminate the prospect of someone else consuming the good as well. An example of a club good could be cable TV, there is a price associated with the product, which functions as a way of excluding those who can not afford to pay the price, while still being a good that can be consumed by multiple people.

The fourth and final type of good is a private good. A private good is characterised by being both excludable as well as a rival good. This means that not only is there a price or a similar excluding barrier associated with the initial consumption of the good, the rival aspect of the good means that it may only be consumed once and by one consumer.

When looking at the product that Carlsberg is attempting to sell, beer, it can be concluded that the good falls into the category of private goods

The explanation for this is that a beer is not free, you will buy the beer, hence there is a price which functions as exclusion of potential consumers who might not be able to afford the beer. Similarly, the beer is a rival good because once the beer has been consumed it can not be consumed by another consumer. It is used once and then it will be depleted.

Furthermore, goods can be divided into categories describing the relationship between the consumer in the product, measured in terms of necessity. Here, goods can be divided into inferior, normal and luxury goods. What category they fall into here can tell a lot about how the commodity will perform in a market, especially in a time of crisis or any sort of economic downturn. Should the economy see a negative development, then luxury goods will be the first to be abandoned by consumers, as these are seen as less necessary products, perhaps a luxurious product plagued by a degree of redundancy.

The beer that Carlsberg sells will fall into the category of a normal good, as it is not an expensively priced luxury good, and at the same time it is not inferior to the standard of the market. This creates an understanding of the external environment that Carlsberg operates within, as they are attempting to sell a rather ordinary, normal private good.

9.1.2 Carlsberg's attempt to adapt to external market changes

Avoiding shocks in the external environment is for many companies a goal, since the external market can cause turbulence and uncertainty in many aspects for many organisations (Daft et. al., 2017, p. 143). In order to form a conclusion in relation to working question one in section 2.1.2, one must analyse the external market of Carlsberg which will serve as the starting point of the analytical chapter. The external environment can often impose as a significant implication for a company like Carlsberg and in order to respond to these constraints and implications, the organisational structure addresses the specific issue. Many types of companies respond by planning systems, attempts to change or control those elements, especially if the element is consumer demand (Daft et. al., 2017). In this regard, Carlsberg found this external change to be a higher demand for greener products. To effectively shape and exploit this change in their private good, they made use of green communication and a green initiative.

9.1.3. External market changes

The environmental embeddedness of a brand refers to "the extent to which a brand's identity is embedded in environmental values" (First, 2007, p. 78). The brand identity has since the 1990s been discussed how companies obtain customer value. The different aspects of brand elements consist of the identity, positioning, mission, strategy, management system and more of a company's private good (First, 2007). The study by Ivana First (2007) tested a hypothesis regarding whether there was a correlation between the financial performance of a company and their brand awareness. The study conducted by First (2017) was in relation to the value creation of private goods, and the study concluded "that there is no mediating effect of brand awareness in the relationship between a brand's environmental embeddedness and company performance" (First, 2007, p. 79). The study was carried out in 2007, and despite a growing environmental concern at that time "it has been suggested that the 1990s is the decade of the environment. Going green is not only good for the environment, but it also provides a competitive advantage for businesses" (Polonsky and Ottman, 1998, p. 269). The study provides insight to the effect of green branding and if there is a financial benefit by a greater environmental embeddedness in a firm's brand awareness.

Polonsky and Ottman (1998) mentioned in their research, that the given private goods which had become greenerer in the market in the 1990s had broadly failed, “in the past many of these ‘new’ green products have failed in the marketplace,” she continued and argued that the reasons behind this, were due to questionable actual environmental benefit by the product (Polonsky and Ottman, 1998, p. 269). They further reflected upon the reliability and substantial evidence on the matter of how much the product actually improved the environmental performance.

During the interview with Buhl, he was asked what influenced Carlsberg to go green, and he answered that “there is an external pressure coming from, not only interest groups, but now from a broader context of consumers in general, and also for the retail, and the retail is happy to be part of that solution so they can communicate that as well” (see appendix 1). He mentioned that the retailers had a part of the influence, together with the group of consumers. Moreover, his argument was that retailers influenced Carlsberg to go green, due to the retailer’s new demand for it, as they have a want for communicating a greener message as well. This contributes to the study of Polonsky and Ottman (1998), since she concluded that in the 1990’s the particular green products that had seen the light, were not that successful, however, “but as firms further develop their greening activities, they will require additional expertise to enable more substantial environmental improvements” (Polonsky and Ottman, 1998, p. 273).

Referring to the tested hypotheses by the study of Ivana First (2007), the study found there not to be a significant relationship between environmental embeddedness and company performance at that time. As Polonsky and Ottman (1998) argued, companies develop these green initiatives over time, and as time goes by, firms expand their expertise for further developments. Meaning, that the Carlsberg’s private goods at the moment, which has deployed a more green incentive, can only have an effect if there has been some expertise in the execution of it. Accordingly, the environmental embeddedness in Carlsberg’s brand awareness is argued to, by the First (2007) to not be significant.

9.1.4. Green communication

Further indicators for how the external market has changed, and why Carlsberg choose to go for a green branding strategy comes down to the communication of the company’s efforts. When asking Buhl if the competition in the market had any influence on Carlsberg’s branding choices, he answered “the strategic drivers for Carlsberg is that ‘we need to behave’ because Carlsberg has way back always been concerned” (see appendix 1). This seems to reflect the communication part of the analysis. In other words, ‘Carlsberg needing to behave’ could be understood as, ‘they have to show a good and green image’, as this is what a lot of the literature suggest companies to do (Polonsky and Ottman, 1998; Danciu, 2015; Rooney, 1995; Cavicchi, 2012; Li et.al, 2017). Buhl continued and mentioned that the board of directors are very concerned with regulating themselves, as Carlsberg before has had various scandals (see appendix 1).

Moreover, when asking Buhl about if the competition in the market resulting in them going green, he answered "to be honest very little” (see appendix 1). The only regard he had to the competition, was the demand from retailers, which was a result of demand from consumers: “I honestly don’t think competition has that big of an impact. But as I said, retailing has started to demand green initiatives, and that is both supermarkets but also bar trades where they like to have that agenda” (see appendix 1).

The interesting part of this, is that a study from Séré de Lanauze and Siadou-Martin (2019) stated that there is indeed a growing concern regarding the negative effects of people’s own consumption. Thus “the extent to which this affects their actual purchasing and consumption behaviour is still under question” (Séré de Lanauze and Siadou-Martin, 2019, p. 565). The recent study showed that many consumers pay close attention to what the companies communicate, the legitimacy of those statements, since the media has more “warning messages and calls for behavioral changes” (Séré de Lanauze and Siadou-Martin, 2019, p. 565).

One could therefore argue that the consumer cognition has changed together with the media coverage and shifted the external market towards another communicative strategy from companies, thereby green communication. Thus, with the green communication of a company’s efforts, those efforts have to be legitimate for consumers to actually change their behaviour and for the green products to succeed (Lanauze, 2019, p. 565) and (Polonsky and Ottman, 1998, p. 269). In addition to this, it should be kept in mind that Carlsberg choosing to test the plastic-reduced six-pack beer cans has, according to Buhl (see appendix 1), taken several years to implement, "I mean, when you do things like the snap-pack, they have probably spent six-seven years on it, and they are, now they are working on the cardboard bottle, and that will take them another few years”. The green branding process is thereby to some extent influenced by the external market, however, for Carlsberg their process have not been easy, as it is very time consuming, the entire production line has to, without major costs, change in correspondence to the new way of producing the product, which probably is why it for so many companies took a decade to successfully do, as Polonsky and Ottman (1998) predicted.

A lot of the literature, as mentioned in the literature review, expressed 'green demand', as an external market change, to be an increasing pressure for firms to incorporate green initiatives (Li et.al, 2017). However, Buhl put emphasis on how long it takes and how much effort it takes. This could be one of the reasons behind many firms, they focus on 2030 goals instead, a more long-term green branding strategy, thus which they can communicate now. In addition to this, green communication is in marketing terms evident to provide advantages for customers loyalty, thus not have a direct effect on the company's performance in the short-run, but more in the long-run (Danciu, 2015, p. 48). Accordingly, the green communication does have to be a convincing green strategy if it has to contribute to the brand valorisation (Danciu, 2015, p. 48).

This comes back to the mentioned consumer cognitions. There is a risk of the green branding failing, not because of the 'lack of consumer demand', but because the green efforts are sometimes stated to be "superficial, not grounded in the complexity of the current changes of the market, economy and society" (Danciu, 2015, p. 49), and due to the consumers attitudes only evidently shifting if the actual greener product is legitimate (Séré de Lanauze and Siadou-Martin, 2019, p. 565). It is thereby crucial for Carlsberg, and other companies to show the results for their statements, when it comes to having a solid approach towards a greener initiative, so it doesn't create a judgement towards "the standing credibility of the business which claim being green" (Danciu, 2015, p. 50).

However, ultimately Carlsberg tested their green initiative with their beer product Carlsberg, and not Tuborg, since Tuborg has a much stronger position on the market. Buhl mentioned that, "honestly if you look at Carlsberg' portfolio worldwide, Tuborg is behaving better than the Carlsberg Brand. So Carlsberg needed a new agenda as a brand, and you could suspect that the brand management saw that there was a strong positioning, a good hold of the used generation with Tuborg, so let's give this advantage to Carlsberg from a portfolio management point of view" (see appendix 1). In other words, Carlsberg tested the market with one of their product lines, to reduce the risk of the initiative would fail, and since the external market changes had indeed changed.

9.2. The Possible Effects of Green Marketing

With the use of the two concepts of greenwashing and silent sustainability, the two following sections below will analyse how companies are affected by implementing them to their marketing methods. This way, it is made possible to deduce whether or not green marketing will influence a company. In other words underpin whether green marketing may unintentionally result in greenwashing or if being silent about sustainability will in the long run have a higher increase in profits. This way it will be possible to gain an overview of how these two concepts would affect Carlsberg it they would resort to one of them.

9.2.1. Greenwashing

With the current issue of climate crisis, multiple companies intend to show their concern and effort of helping the environment by evolving their production or marketing methods into sustainable methods. This change may both have a negative and positive result, considering some consumers favour an environmentally friendly company over one that is knowingly produces products in a less sustainable environment.

As essentially one of the most recognised companies perceived as green in the Danish beer market, Carlsberg has readjusted their goals in order to improve their sustainable efforts (Roderkick, 2017). One of the ambitions of Carlsberg towards the future is to reduce water waste and carbon footprint while simultaneously aiming to decrease irresponsible drinking and other beer related accidents (Carlsberg Breweries A/S, 2019). In addition to their slogan, “together towards zero”, Carlsberg marketed themselves as an environmentally friendly company with their famous green products such as the Snap Pack. This Snap Pack is a pack of six beers, without the typical plastic wrapping but replaced with innovative glue technology which is supposed to hold the cans together (Hirsh, 2019). Moreover, their latest green projects that have been executed have been concerning recycled shrink film (innovative glue technology), greener label ink, and the creation of the “ world’s first ‘paper bottler’ for beer” (Carlsberg Breweries A/S, 2019). This way Carlsberg has branded themselves as a company with a focus on sustainable packaging innovations, in an attempt to contribute help towards a better environment. As Carlsberg proudly presents their green marketing efforts, the risk of this can in some cases result in scepticism of the consumer due to the seven sins of greenwashing.

As described in section 8.2, greenwashing is a marketing method which companies utilise to be perceived as environmentally friendly and presumably gain an increase in profit and brand valuation. Despite the method being infamous, multiple companies choose to utilise it in spite of what consequences may occur. For example, the Canadian water bottle company, Nestle, produced water-filled bottles, in which they claimed to be environmentally friendly. Their bottles were said to be recycled and the water was from one of their thirteen spring sources (Perkins, 2019). Nestle assured the public that these spring sources were guarded and supervised by an employee dedicated to do so (Perkins, 2019).

Furthermore, this does not imply that Nestle is an environmentally friendly company, just considering they have clean waters and recycle their bottles. With the use of the concept of greenwashing, one can deduce that Nestle had been adopting the sin of fibbing. For years Nestle had taken advantage of the Californian spring source and claimed themselves to be green and mislead their consumers. Nevertheless, reasons that may encourage a company to intentionally utilise greenwashing methods could derive from the desire to maximise profit at a low cost, the devotion to survive in a competitive market, or as in some cases it could derive from merely not being able to meet environmental requirements, thus are inclined toward enforcing falsifications. In other words, employing greenwashing in the marketing strategy can often merely be a result of an easy way out attempt. Multiple companies that practise greenwashing utilise the method due to the external pressure (see appendix 1). The external pressure may consequently result in companies aiming to increase their brand valuation by greenwashing, as green marketing influences the buying behaviour of consumers. This derives from consumers favorability of buying environmentally friendly or the demand for contribution to help the environment (TerraChoice, 2007). However, the consequences of this practice typically result in scandalous effects on the company.

According to the public, greenwashing is considered fraud, in the sense as the company ruining the trust of the customer (de Jong, et al., 2017). Another example of greenwashing is of the German automobile company, Volkswagen and their clean diesel engines. This car auto production company cheated on emission tests. Their tests implied that their diesel engines met the emission standards of the United States Environmental Protection Agency, hereinafter referred to as EPA (Goodman, 2015; Hotten, 2015). Moreover, categorising of greenwashing Volkswagen is found to utilise the method of fibbing as their claims were false. Their reasoning for practicing this method was due to their engineers not being able to find a solution in order to meet the EPA standard. However, when they eventually found a solution, the company decided on continuing the deception of being green (Hotten, 2015). This issue happened in the year 2005. Their methods gained them an award in 2008, in which suggested they had produced "… the first Green Car of the Year ever granted to a diesel" (Plungis, 2015).

Another company allegedly involved with greenwashing is the famous Swedish clothing retailer H&M. In early 2019, Norwegian consumers accused H&M of greenwashing regarding their 100 percent sustainable collection called "conscious collection" which was launched in April 2019 (Hitti, 2019). Prior to this allegation, H&M has had multiple scandals which may have suggested H&M may not always be 100 percent truthful towards their consumers. Therefore, in the current allegation, Norwegian consumers have revealed that the company may have mislead the consumers about the new clothing collection, thus implying greenwashing to be involved. According to Hitti (2019) the northern consumers claimed there to be insufficient information as to how the 100 percent sustainable clothing were produced on the website of H&M. For the sake of the greenwashing categorisation, H&M provided insufficient information, thus making this an example of 'vagueness' and 'no proof' greenwashing. Additionally, the Norwegian Consumer Authority hereinafter referred to as CA, revealed H&M to have breached the Norwegian marketing laws, since the website is regarded to mislead their consumers in the sense of insufficient information. In mid-2019 the retailing company responded to the allegations by rejecting it. Although the accusation resulted in being wrong, H&M chose to reach out to the CA to correct their commercial practices so that it did not violate any of the marketing guidelines of the CA, (Hitti, 2019).

Furthermore, as elaborated in the aforementioned cases, one can deduce that the consequences of green marketing strategy may result in either an accusation of greenwashing or the actual violation of environmentalism marketing. Therefore, if a company exercises sustainable methods, it may not always result in an increase in profit nor brand value, but rather a downfall. In terms of Carlsberg utilising any of the seven greenwashing method has not been found to be true nor false. According to the Buhl (see appendix 1), there is no evidence found on whether the innovative glue technology of Carlsberg may be an environmental issue. However, if the innovative glue technology was found to be an issue for the environment, Carlsberg could be an example of the ‘sin of lesser of two evil’, or the ‘sin of fibbing’. Therefore, the risks in which green marketing will have significant influence on the brand value and profits of a company, whether it be positive or negative effect. As mentioned afore, utilising greenwashing methods is common amongst companies. However, despite the method being common and an ‘easy way’ to generate a spike in profits, it is not considered a term which any company would prefer to be associated with, since it has such a negative influence. As Carlsberg proudly presents their sustainable efforts, it has been found that multiple companies across countries have decided to keep their sustainable efforts as attentive as possible. The reasoning for this will be elaborated in the following section.

9.2.2. Silent Sustainability

Silent sustainability is a concept sometimes referred to as ‘Secret Sustainability’, and it is the act of changing or adjusting a process or a specific behaviour in a way that creates for a more environmentally sustainable practice, however, what sets this act of sustainability a part from the usual sustainability acts is that with silent sustainability the actor, as the name suggests, does this in a silent manner. Meaning that no effort is made to make this increase in sustainable behaviour known by the public. Beyond that, in some cases an effort will be made to ensure that the sustainability remains unknown.

This will, to many, seem like an odd, and frankly, quite illogical act. If you are doing something which is, indisputably good for the environment, why would you not make an effort to let this be known? Or at the very least not actively try to hide or obscure that you are, in fact, acting in a sustainable way. So why is it that in a world where companies are seemingly competing to sew the most sustainable sweatshirt and brew the most ecological of all fair-trade coffees, some companies opt for the exact opposite approach? There are multiple reasons why a company would choose to avoid this, supposedly positive, attention that becoming sustainable can cause.

One explanation can be the fear of potential backlash and the danger of being considered a hypocrite or a liar by the public. When producing a product in today’s age, especially if you are a large-scale international company, there will be many links, and possible many different suppliers involved in developing the project from the idea stage to the actual, physical manifestation of said product. This creates an environment where it can be rather challenging to have an overview of every single step and action that is taken along the course of production. This, in turn, means that there will be a higher risk of something unsustainable or unethical happening throughout the process. By announcing that part of its production has become more sustainable than what it may have been in the past, a company will risk attracting attention to the practices behind its production, attention which may spread to other parts of the productions, specifically ones that may be less sustainable, "to flag one area of innovation in the business for praise might attract unwanted attention to parts of its operation that were less sustainable, potentially sparking accusations of 'green-washing'" (Coburn, 2019) resulting in the company having actively campaigned for attention, which will end up highlighting the negative parts of the company's production chain, ultimately doing more harm than good to the company.

Another reason for choosing not to publicise improved sustainability efforts, can be fear of customers perceiving the quality of a product being sacrificed in return for a more sustainable production "this stems from a common perception that there must be some kind of downside to the introduction of sustainable practices: either a reduction in product quality, or an increase in the price of manufacturing, or both" (Coburn, 2019) as such, a company may have their products viewed as being of lesser quality than the products produced as their competitors. Simply because of the belief that sustainability can not be achieved without a price. Said price can be paid by decreasing the quality of the products or increasing the price a corresponding amount, so if the prices don't go up then the consumer will assume that the quality has gone down. However, if the company chooses to increase the price in order to avoid having consumers believe their product is decreasing in terms of quality, the company risks alienating existing customers by making the product unaffordable, thus, making the product less competitive.

An example of this very tendency was seen with portuguese wineries. *"In the case of the Portuguese wineries, both already had good reputations for quality. All they wanted to do was to keep giving consumers great wine at a good price, without degrading their soil. They hadn't increased the cost of making wine as they shifted to organic practice. Their management was concerned that introducing the organic designation would lead consumers to question the quality of their wine. They also feared that if they raised their prices to meet the expectation that organic wine costs more, they risked making their wine unaffordable to their current customers. Why rock the boat? Consumers seem to believe that products cannot become more sustainable without becoming more expensive. So anything to the contrary is* *met with suspicion"* (Coburn, 2019), this essentially shows how the portuguese wineries, while they might have been able to attract new customers who are concerned with green initiatives, they, at the same time, risk losing current customers.

This act of 'Silent Sustainability' is widespread and something which can be seen in many different industries. Regardless of what reason a company might have to keep their sustainable acts unknown, there is something admirable about doing good but not pocketing any of the credit. "*countless industries where pioneers are creating solutions to reduce environmental harm but are leaving other industry players and consumers in the dark*" (Coburn, 2019). Seen from a broader perspective this tendency of hiding green initiatives out of fear that it will somehow hurt the company's bottom line, whether through unexpected negative publicity or a lesser perception of the product, can potentially hurt the overall green movement, as keeping sustainability out of the public eye will not spawn any sort of competition on that parameter, a competition which could otherwise push companies to become increasingly more sustainable. At its core, silent sustainability is an act.

Overall, as greenwashing has a significant effect on the brand of a company, it will ultimately influence their profits as well. The reason is, if green marketing is not implemented correctly it may direct the company towards greenwashing. However, as mentioned earlier, one way for companies to avoid the association of the concept greenwashing, is for them to implement the concept of silent sustainability. Provided that silent sustainability may not affect the company in terms of an increase in profit, it was rather found to help avoid scandals such as the aforementioned greenwashing. Moreover, if Carlsberg is truly as green as they vocally claim themselves to be, their green marketing will in the long term have an influence on their brand valuation and ultimately their profits.

9.3. The Green Strategy of Carlsberg and Their Financial Performance

Any business concerned with their financial performance and their financial resources will focus on their return on investment and on achieving an increase in their revenue, respectively. Theses two terms are some of the cornerstones of a company's financial goals and is conducted by the financial department in a company (Daft et. al., 2017, p. 147). On the other hand marketing departments focus on environmental uncertainty. This can lead to complex internal decision-making since both departments work with their own objectives in mind. Green initiative has to be integrated throughout the structure of the company and their internal behaviours (Daft et. al., 2017). Although the green marketing strategies of Carlsberg are time consuming, it is still considered worth applying if there is a connection between their financial performance and that said green strategy. This connection will be examined in the upcoming section with an analysis of the hedging approach of Carlsberg.

9.3.1. Green initiatives shifting to commercially acceptable returns

Assessing the future and scoping out ways to enhance corporate value is highly prioritised for the survival of a company. Evaluating investments, communication efforts, and marketing initiatives are regarded as key tools for carrying out capital budgeting decisions.

The climate crisis has become rather prevalent in the past decades. Back in 2014, the National Climate Assessment revealed that there were implications from the environment which can affect the livelihood of the public and their finances. Factors such as the "six-foot rise in sea levels by 2010, oppressive summer temperatures, widespread drought, increasingly severe storms and disastrous floods are all predicted in a grim" (Chandler, 2014), have an effect on how companies attract their target groups in the most effective way.

The debate on the expectations of a company's ability to deploy a greener strategic asset allocation is rising, due to the climate getting worse. An example of the aspect within the debate is the so called 'green bonds' which are used to offer double-digit yields. The reason behind a high yield on a bond is due to a higher risk associated with buying the bond (Tett, 2018). This is essentially similar to green investments.

"In 2018, the International Finance Corporation and Amundi, the French investment group, closed a $2bn green-bond fund, the largest to date" (Tett, 2018). The result of this was that Philippe Le Houérou, chief executive of the IFC, pointed out that there has been a change in the 'investor mentality' due to a change in 'green expectations'. The financial universe now has a third category; Green investments and they "are expected to produce commercially acceptable returns" (Tett, 2018).

One example of commercially acceptable returns, in a time of a 'climate crisis', can be the use of the press who persistently pick up on multiple firms who have shifted to a greener way of operating their business. Carlsberg A/S is an example of this because of their 'Snap Pack' which the press widely informed the public about due to Carlsberg being a 'first mover' in the beer market. The section above complements claim that green initiatives of Carlsberg has been a major factor which has thereby generated a higher net revenue of 6.4%, 3% increased price/mix and 3.4% increase in total volume in the first 6 months of 2019. This is illustrated in figure 3. below (Carlsberg Group, 2019b).

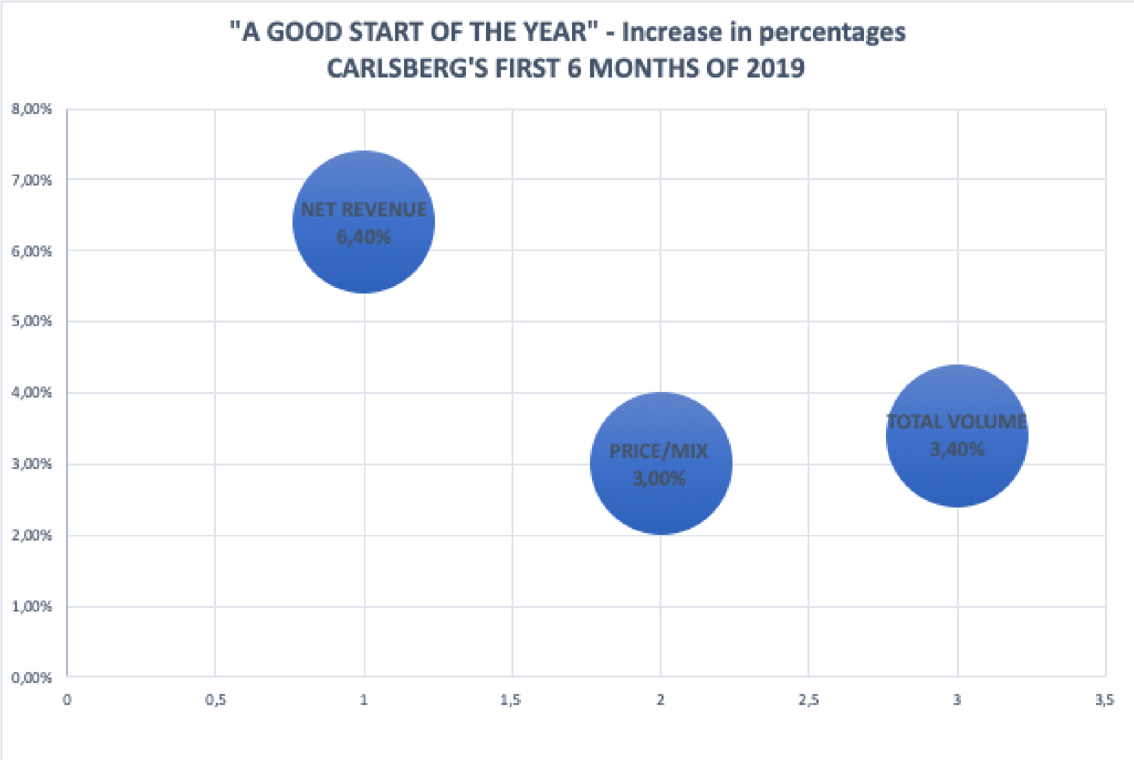

Figure 3. Carlsberg's performance figures (Source: Carlsberg Group, 2019b)

There are various limitations regarding whether or not these aforementioned numbers are being affected by Carlsberg's green initiative. The CEO of Carlsberg, Cee´s Hart states: "the earnings upgrade is yet another proof point that the execution of our SAIL'22 priorities is driving sustainable, long-term value creation for the Group" (Carlsberg Group, 2019a). This indicates that they themselves regard, that sustainable value creation, which could be their green marketing, has some direct effect on their performance outcomes. However, one should keep in mind that these financial statements are not given in their annual report, since they are based on a six month financial statement, with no actual evidence that they are true. Moreover, despite the fact Carlsberg was the first company to implement their 'snap pack', this generated a lot of articles on the matter. Carlsberg claimed that their 'snap pack' beer cans had created over 1.5 billion earned media impressions (Carlsberg Group, 2019c).

One of the debates on Carlsberg is on their underlying agenda by posting this figure, whether or not it is for a commercialised matter and whether the figure is credible. In other words, the figure can simply be another green communication attempt to enhance the awareness of their green initiative, for trying to obtain customers due to perception of a green customer demand.

Furthermore, there are many reasons behind green branding. Another reason for a company to shift to a greener brand strategy and strategic asset allocation, is due to the expectations and times shifting (Daft et. al., 2017, p. 171). There could be a higher expectation from the government and consumers, which is why some companies shift to a more sustainable way of operating.

There is a higher expectation for companies to reduce their environmental footprints (Finansministeriet, 2019). The recent published new Danish Finance Law has stated various initiatives in terms of financing more sustainable business and providing financial support to the Danish Climate foundation, to secure “responsible consumption and production” (Finansministeriet, 2019, p. 108).

Companies, such as Carlsberg have goals in terms of companies be obligated to reduce their CO2 emissions. The Danish government together with the climate convention, UNFCCC have certain expectations for companies, which is another indicator for why Carlsberg has chosen to attempt to do something. The Danish Law stated in their recent publication that there is a greater focus on sustainable development in economic institutions and companies, based on the World 2030 and Denmark's priority relationship to the thematic program on improving the conditions for a more sustainable drive of the private sector (Finansministeriet, 2019, p. 64).

9.3.2. Hedging risk for short-run and long-run exposure

In relation to green initiatives shifting to commercially accepted returns, this section will focus on the hedging risk for short and long run exposure shocks. When costs that are associated with sustainability are high, the uncertainty will naturally be high. When uncertainty is high companies reduce their risk exposure so their costs do not rise (Wehnert et. al., 2018, p. 3). Moreover, Carlsberg is dependent on the market share in which they gain from their international markets. Therefore, according to Smith (2019, p. 32) the, "foreign exchange risk is therefore a principal financial risk for the Group, and exchange rate fluctuations can have a significant impact on the income statement". According to this statement, Carlsberg works towards a hedging approach regarding their financial activities.

In relation to the green branding and commercial returns, the following section below will explore the hedging of short-run and long-run exposures, and this due to " *the 1970's, prices for all types of goods and services have become increasingly volatile*" (Hillier, 2017, p. 568). Buhl (see appendix 1) stated, "*when I started working for Carlsberg back in the 90s the one crate of beer cost the same as it does today."* Although Buhl stated that beer prices have not experienced any fluctuations. In addition, he elaborates on other factors which have a direct effect on the prices of beer today. These factors are for example,*VAT, taxes, transportation and whole range of other costs"* (see appendix 1). In other words, despite the steady price of a commodity if there are unexpected changes in the influencing factors, it may produce expensive disruption in their operating activities (Hillier, 2017, p. 568). Since the beers of Carlsberg are private goods, it may be more prone to expensive disruption.

Another factor influencing the cost of the operating activities of Carlsberg is the exchange currency, which can present as a downside for the company, even though they state it to be "in reported terms, net revenue grew by 3.0%, impacted by adverse currencies" (Smith, 2019, p. 5). Since there is evidence that the exchange rate fluctuates, Smith (2019) found that these fluctuations may have a significant impact on the income statement of a company.

Entities in	Functional currency	Change in average FX rate 2017 to 2018
Countries in the eurozone	EUR	0.19%
Russia	RUB	-11.20%
China	CNY	-2.10%
United Kingdom	GBP	-0.80%
Switzerland	CHF	-3.80%
Norway	NOK	-2.30%
Sweden	SEK	-5.90%
Laos	LAK	-7.20%

Table 1. Fluctuations in foreign Exchange Rates (Smith, 2019, p. 32)

Table 1 above shows that there is a change in the exchange currency. It was found that Carlsberg does not make use of transaction hedging, but rather utilise a general hedging method in relation to their exchange rate currencies. It was stated in the annual report of Carlsberg, that they utilise different types of 'hedging approaches' in order to secure growth and reducing risk, " *at group level, these hedges are effectively an economic hedge of (parts of) the net revenue in the relevant currency, and they are accounted for as cash flow hedges*" (Smith, 2019, p. 32). Furthermore, companies will typically aim to shield themselves from pricing volatility, by the *"use "of new innovative financial arrangements"* (Hillier, 2017, p. 568). "*Hedging is a particular risk management technique, in which reduces a firm's exposure to price or rate fluctuations, also called Immunization*" (Hillier, 2017, p. 568). When a firm aims to reduce or contain a certain risk, there is no certain way of doing so, and considering the financial turmoil in recent years, financial risk management together with marketing strategies have become more central to the operations of many businesses (Hillier, 2017).

In relation to Carlsberg, whether they utilise hedging to reduce financial risk or not, former marketing manager Buhl claimed that in the *"short run you may see people issues and environment issues as cost burdens but in the long run they all become financial issues. And in the long run, that is the answer to your question, you have to do something about it, it will become a financial issue, because of consumer pressure, preference and pressure"* (see appendix 1). Moreover, Buhl further elaborated that Carlsberg shifted to a more green organisational structure around 5 years ago. Despite Carlsberg being in the forefront in terms of environmental positioning with alcohol beverages, Buhl claims as well that the company does not possess a strength large enough to enforce their agenda for green branding.

Furthermore, Carlsberg is a leveraged company, which means they borrow money to finance their assets. In Carlsberg's annual report from 2017, Carlsberg stated that they finance debt in order to operate profit (Carlsberg Group, 2018, p. 2). In 2017, the company had a decrease in their financial leverage. In other words, this decrease means Carlsberg was able to increase their dividend to their shareholders, "in light of the reduced financial leverage there will be an increase in payout to shareholders" (Carlsberg Group, 2017, p. 86).

9.3.3. Green Investment as a Hedging Approach

In Carlsberg's annual report from 2018, the company started "*investing in profitable growth to secure the long-term value creation of the Group is, and will remain, our first priority*" (Smith, 2019, p. 13). As mentioned earlier, several studies determine climate change to be a long-run exposure of risk to a company (Reinders, 2017; Sarkar, 2012; Chandler, 2014; Singh, 2019), Carlsberg's investment in profitable growth from a long-term financial perspective is argued to be their investment in sustainability initiatives and green branding. In the following paragraph the argument as to whether Carlsberg and their investment for long-term issues is a form of hedging but in relation to long-run reduction of exposure.

A company's exposure to long-run financial risks are referred to as economic exposure, " *because long-term exposure is rooted in fundamental economic forces, it is much more difficult, if not impossible, to hedge on a permanent basis*" (Hillier, 2017, p. 572). Therefore, hedging the exposure of risk is beyond possibilities on a permanent basis. Climate change on the other hand, can be hedged by successfully obtaining 'successful sustainability-oriented innovation' which will henceforth be referred to as SOI. This method does not only correlate with the fundamental economic forces, but "*the success of SOI, however, is not only measured in economic terms but takes social and environmental layers into account*" (Wehnert et. al., 2018, p. 3). In other words, Peter Wehnert et. al. (2018) emphasised that today, sustainable implementations have a direct effect on financial related issues. Furthermore, since a company is either economically viable or bound to failure, there is no amount of hedging will solve the issue. However, in terms of survival, hedging risk for future circumstances of the firm can give the firm time to adjust its operations or adopt new conditions without expensive disruptions (Hillier, 2017, p. 573).

9.3.4. Environmental Volatility and the Risk Profile

In the aforementioned section it found that the market volatility has risen over the past years (Hillier, 2017). And because of this market volatility, whether or not this is a cause for concern for a company that dependent on nature to finance their operations, debt, is difficult to foresee. Thus, there is a higher cause of concern for a company that is heavily dependent on their debt, rather than a less leveraged company with less debt (Hillier, 2017, p. 571).

"*An all equity firm would not be as concerned about interest rate fluctuations as a highly leveraged one*" (Hillier, 2017, p. 570). Similarly, a company who has little international activity and operations in other markets than a domestic one, would not be overly concerned about exchange rate fluctuations, as Carlsberg might be.

According to Smith (2019), the "*political and economic instability may lead to adverse exchange rate fluctuations, increased credit risk, insolvency of suppliers, impairment* *of goodwill or brands, operational restrictions, increases in duties and taxes imposed on beer, and possibly nationalisation of assets*" (Smith, 2019, p. 15). In other words, since Carlsberg both has international financial activities and is a highly leveraged firm, it is argued that this causes the company to be more concerned with their operations. This concern is both regarding their marketing initiatives and financing, since these two departments are the drivers of most companies (Hillier, 2017). Moreover, if interest rates increase, this means the cost of borrowing will ultimately increase. Carlsberg thereby has a large incentive of being affected by price fluctuations.

In addition to adapting to environmental volatility, a risk profile can showcase how the value of the company may be affected by fluctuating prices in the given market. In the case of Carlsberg, they utilise quarterly management audit in regard to their risk management because it "*monitors developments and ensures that plans are in place for the management of individual risks, including commercial and financial risks*" (Smith, 2019, p. 14). In other words, the risk management of Carlsberg focuses on both the financial activities and the commercial marketing initiatives. However, Smith (2019) states that their commodity and foreign exchange impact "*remains a high-impact risk for 2019. Increasing commodity prices, including barley and malt due to the poor harvest after the very warm summer in 2018*" (Smith, 2019, p. 14). The consisting high-impact risk regarding their commodity and foreign exchange, may be due to climate change and the impact that it has on the environment across the world.

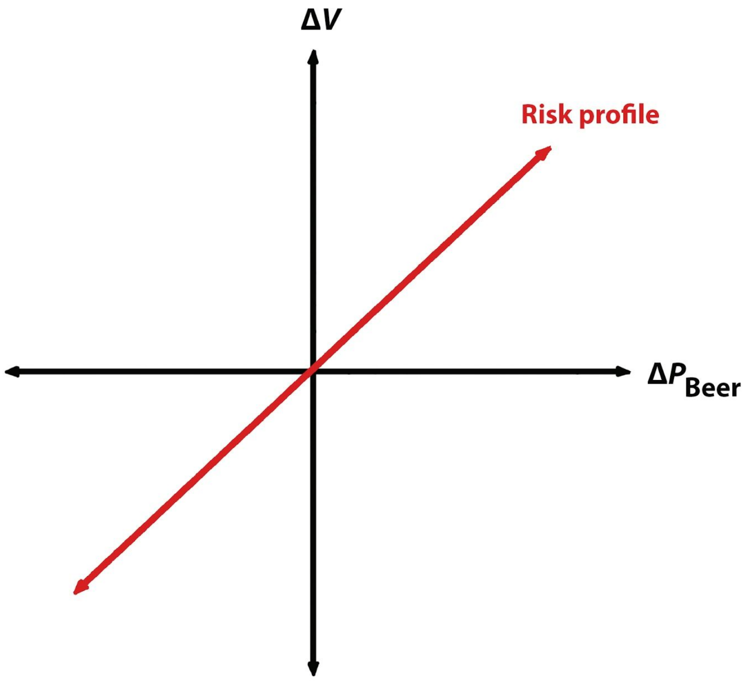

Figure 20.3. The Risk Profile - (Source: Hillier, 2017, p. 570)

Furthermore, as displayed in *Figure 20.3*, the risk profile shows the relationship between change in prices and the value of the firm. To assess the risk profile, we plot the changes in the value of the firm, against unexpected changes in the price for beer. In this case one may argue that Carlsberg to some extent, has a higher risk in regard to the increasing beer prices, due to disruption in operating activities. Since, there has been further "*findings by the World Meteorological Organization suggest an increase of 3 degrees to 5 degrees Celsius (5.4 to 9 degrees Fahrenheit) by the end of the century*" (Lombrana, 2019) , the result of this could further enhance their future risk profile in terms of their commodity prices.

Lastly, *Figure 20.3* shows that with an increase in beer prices, we assume an increase in the total value of the firm. The increase in value of a company does not necessarily indicate positive results (Hillier, 2017). The risk profile of Carlsberg implies that with an increase in the beer price will simultaneously increase the value of the firm, however, this is solely in relation to steady costs. However, since this is not the case of Carlsberg, because "*exchange movements negatively affect the prices of raw materials and other inputs, thereby affecting the competitiveness of the business and the delivery of results*" (Smith, 2019, p. 14). Due to beer being the commodity of Carlsberg, the increase in costs which would ultimately increase the prices, assuming a steady consumption rate, will increase the value of the firm, but not the revenue of the firm due to costs increase as well (Hillier, 2017).

9.3.5. Hedging with Contracts

Due to the economic exposure of Carlsberg, they utilise hedging with contracts to reduce this particular risk as well. "*The Group hedges part of this foreign exchange exposure by entering into forward exchange contracts (net investment hedges)*" (Smith, 2019, p. 57). Carlsberg has a 3% increase in their price mix, which is in regard to their commercially acceptable returns. Their green branding is argued to be the reason for an increase in their, and this is despite sudden negative financial exposure of exchange currencies. In other words, Carlsberg practices hedging with contracts to avoid short-run risk. "Short-run price changes can drive a business into financial distress even though, in the long-run, the business is fundamentally sound" (Hillier, 2017, p. 572).

A reasoning for this, is that a company cannot pass this sudden increase in cost onto their customers by increasing the price of the commodity. In this case the consumer behaviour will shift, thus creating a worse scenario for the company in the long run. "*A negative cash flow position is created, and the firm may be unable to meet its financial obligations*" (Hillier, 2017, p. 572). Hedging with contracts is one additional method of meeting the set goal of financial performance. The reason behind hedging with contracts is an even better risk management technique is since it is a legally binding agreement (Hillier, 2017). When a firm has a legally binding agreement between the foreign prices for raw materials, it reduces the risk for one of the parties if increasing the price, due to for example a hot summer, resulting in the price of other party's production becoming more costly.

In addition to this, Carlsberg addressing legally binding agreements with their suppliers, means that with a certain amount of increase in currencies or cost of production, Carlsberg hedges these risks by an agreement on "*the scale of an asset or product in the future at a price agreed on today*" (Hillier, 2017, p. 573). The company thereby sets a settlement date and a forward price agreed upon in the past, so a sudden major increase in price will not result in the company being affected too much. In the annual report of Carlsberg from 2018, it was mentioned that there is high risk with their partnerships, and therefore apply these binding agreements to hedge future risks. Especially with their overseas partnerships, since "*mitigating activities also include hedging and maintaining variability in* *the cost base*" (Smith, 2019, p. 15).

Moreover hedging approaches are to some extent very expensive, especially in regard to contracts of legally binding agreements. In the statement of comprehensive income of Carlsberg from 2018 and 2017, one can see that their hedging approach serves as a risk management technique for securing a more riskless financial performance. However, this hedging approach is shown to have costed Carlsberg 640 mio. DKK in 2018 (Smith, 2019, p. 21), whereas in 2017 was only 305 mio. DKK. This thereby implies that Carlsberg must have discovered a technique that serves them well, since they have doubled the amount of spending or funding for their hedging activities from 2017 to 2018 (Smith, 2019, p. 21).

DKK million	Section	2018	2017
Consolidated profit		**6,167**	**2,088**
Other comprehensive income			
Retirement benefit obligations	7.4	395	1,263
Share of other comprehensive income in associates and joint ventures	5.4	4	-12
Income tax	6.1	-34	-140
Items that will not be reclassified to the income statement		**365**	**1,111**
Foreign exchange adjustments of foreign entities	4.1	-2,754	-3,842
Fair value adjustments of hedging instruments	4.1	-640	-305
Income tax	6.1	85	25
Items that may be reclassified to the income statement		**-3,309**	**-4,122**
Other comprehensive income		**-2,944**	**-3,011**
Total comprehensive income		**3,223**	**-923**
Attributable to			
Non-controlling interests		855	499
Shareholder in Carlsberg Breweries A/S		2,368	-1,422

Table 2. Statement of Comprehensive Income for Carlsberg 2018 (Source: Smith, 2019)

Furthermore the limitation with this statement is the limited amount of information regarding their hedging instruments. The amount of millions spent on their hedging approach which increased from 2017 to 2018, could simply be due to the previous bought contracts had deadlines that particular year, meaning Carlsberg simply had to spend more on new contracts. On another note, the costs could also be due to the previous warm summer in 2017 and 2018. The heat wave could have lead towards a higher cost of production, which made them, together with the fluctuating currencies, consider spending more on hedging since "the most common form of hedging is fixed price purchase agreements in local currencies with suppliers" (Smith, 2019, p. 30).

Overall, as one can deduce, Carlsberg has multiple initiatives that are set to reduce potential sudden risk exposures. The company uses hedging approaches, both with green investment and contracts to identify and reduce any potential risk for their commodity prices. In regard to their risk towards overall performance of operating activities, Carlsberg has also utilised hedging to reduce is. This implies that regarding the brand strategy of Carlsberg, one would find it hard to determine the value that the strategy has on the financial performance of Carlsberg and this is due to other corporate initiatives merely are better at having a significant effect on the said financial performance. Other than the commercially returns Carlsberg claimed on their LinkedIn page, the financial performance of Carlsberg is broadly influenced by various factors, such as the amount of debt, the amount of spending on green investment, the exchange rate currencies, supplier prices and more.

10. Discussion

As the legislative expectations of the impact on the environment from companies has grown across the world, anticipating climate change-related market developments and keeping up with the significant changes by implementing detailed strategies to adapt to the climate changes has taken over many companies (Danciu, 2015, p. 48). One of the specific Climate Crisis strategies is Green Branding, and "the importance of green branding increases as a result of the efforts made for sustainable development" (Danciu, 2015, p. 48). The prevention of the crisis means in marketing terms that Green Branding can enhance customer loyalty, brand valorisation and economic performance since the demand of customers has shifted together with the climate crisis awareness (Danciu, 2015, p. 48). Green Branding is thereby argued to have a significant impact on the customer attachment when taking the climate change awareness of the customers into account. However, does a company's Return on Investment (ROI) increase, by introducing Green Branding as an implemented strategy?

However, it is according to Buhl (see appendix 1) very time-consuming to implement sustainable actions into place, which corresponds to Alder (2016) stating the sustainability implementation to be a hard process as well. Furthermore, the emphasis on sustainability being desirable for an organisation to implement is widely discussed, thus the implementation of sustainability action does not exist within many firms, "the development of—particularly from a long-term perspective—successful sustainability-oriented innovation (SOI) requires wide knowledge of societal and ecological interrelations which usually does not exist within individual organisations" (Wehnert et. al., 2018, p. 1). The fact that public awareness regarding the issue of firms, not implementing the sustainability goals into their organisational structure has increased, has left many firms wondering about how to successfully deploy these sustainability innovations into practice (Alder, 2016). Bruce Alder is a Regional Director at Canada's International Development who puts emphasis on "*why it is so difficult to realize sustainability in practice*". Alder (2016) explains that public awareness has been a major factor challenging currently carried out management disciplines and organisations structures. Public awareness on climate change is stated to make organisations, together with academic research, "work faster and embrace 21st century practices" in terms of applying successful Sustainability-Oriented Innovation (SOI) (Alder, 2016).

However, there are crucial aspects confronting innovation management, sustainability implementation in practice and in general green initiatives. These sustainability initiatives providing the firm with the opportunity of green rebranding themselves comes with increased complexity, risks, uncertainties and especially higher costs (Wehnert et. al., 2018, p. 3). Another interesting aspect is the tradition of such initiatives, whether the objective is the climate's best interest or if it is merely a profit orientated a survival objective the firm has. Data on that particularly debate is not public as companies most often do not publish their 'true objective' with their marketing initiatives. *"Traditionally, innovation management mainly focuses on the innovation object's economic success"* (Wehnert et. al., 2018, p. 3), meaning many types of innovative initiatives, such as sustainability initiatives, are done mostly for the economic success of the organisation. Due to the challenge of other elements this creates "a great challenge for the management of conventional innovations since the difficult predictability of customer needs and behavior, besides future economic conditions, makes an innovation's market success uncertain" (Wehnert et. al., 2018, p. 3).

Managing financial risk altogether with marketing initiatives can mean that it is up to 'trial and error'. In other words, Carlsberg as an example, can shield itself to some extent from troublesome transitory fluctuations, by another creative and innovative marketing strategy to obtain greater customer demand, such as their Green Branding. Carlsberg can also shield itself from short-run fluctuations by increasing the incentive of borrowing, thereby increase the firm's debt, in order to finance its assets (Bisagno and Albo, 2018, p. 2; Hillier, 2017, p. 573). Secondly, a firm can give itself some 'breathing space' for long-term purposes by increasing its debt, when the firm has to adapt to fundamental changes in the market conditions. Altogether, hedging risk is a risk management technique used both by financial operations and marketing operations, it can thus not decrease all the risk completely, which makes hedging of risk a technique, consequently with various limitations.

In accordance to the previously mentioned 6-month performance figures that Carlsberg themselves posted, they argued for the increase was due to their SAIL'22 Strategy implementation, which is a sustainability initiative (Smith, 2019, p. 3). However, it was stated in the Carlsbergs annual report from 2018 (Smith, 2019, p. 3) that the increased net revenue for 2018 had increased with 6,5% which was the result of a driven solid price/mix of +2% and a volume growth of 4,8%. These figures are very similar to the ones posted for a 6-month financial perspective of these exact figures, which could mean that the figures were a sort of 'constant growth' from the previous year. In other words, one could argue, that the increased 6-month net revenue, price mix and total volume for the first 6-months of 2019 were not due to the snap-back beer cans with no plastic, but rather it was the ongoing growth from 2018.

Moreover, even though the launch of the given product was in September 2019, Carlsberg stated that their growth of priorities, net revenue, price mix and volume growth had increased because these figures were "helped by the warm summer in several European markets and the timing of the festive season in Asia" (Smith, 2019, p. 3). An employee of Carlsberg's own, the director of their Sustainability Department stated himself "in future, if something is sustainable, it will be seen as high quality. Today that's not necessarily the case, it still has this bamboo feeling. That will change in the future and we want to be part of that" (Roderick, 2017). This can be seen as another contradicting factor to their green initiative being a solid part of their increased financial performance. This indicates that Carlsberg's green initiatives are a form of green investment which could produce more return in a long-term perspective rather than the short-run.

A notation to the various findings, has with the use of interpretivism showed that the initial idea of deploying a branding strategy like Carlsberg have done, does not have a significant effect on the company's financial performance in the short run. Loud green communication of the company's goal of less environmental footprints, does result in a lot of media impressions. For Carlsberg this means that they can have generated a more positive image due to their green branding and communication efforts. Thus it did not outweigh their many financial risks, since it is not proven that consumers actually change their behaviour according to various findings. A limitation of this is that there is no evidence for a change in the consumers of Carlsberg, which means it cannot be concluded that their image has become better, one can only assume it has, since it is proven that there is pressure and demand for companies to go green. The subjectivity of interpretivism can thereby show that the initial thought of a conclusion can be changed, as the knowledge fuses during the timeframe of the research being conducted.

11. Conclusion

Carlsberg have various financial risks, due to the interest rate volatility, exchange rate volatility and in general terms the external market volatility, such as customer attitude and government legislations. Another financial risk, is that the price of beer is expected to rise globally, due to climate change, affecting the cost of production of barley crops which is the main ingredient for producing beer. Carlsberg stated in their annual report from 2018, that the warm summer last year had consequences for their operating costs, as the production cost increased. Moreover, since Carlsberg has a high leverage percentage of debt, as they finance their assets by issuing debt, a high percent of international activity, these factors could accordingly outweigh the possible and current increased performance their green branding can have created.

Nevertheless, various studies have found that environmental embeddedness in a firm's brand awareness does not yet have a significant effect on their financial performance. A concluding remark on Carlsberg’s green marketing is thereby, that they have used the implementation as a defensive strategy, merely for survival and to deploy some ‘breathing space’ from the external market volatility. As the Director of Sustainability for Carlsberg stated, the investment in green branding is regarded due to the pressure from the external market as necessary. In a short-term perspective the green strategy implementation is not regarded as having a significant effect, however, in a long-term perspective it could result in a significant attractive investment as it could generate a higher return on investment than what it does today. After exploring the various aspects of green branding, it becomes apparent that there are many things to consider before choosing to brand one as an environmentally friendly company.

As displayed by the concepts of greenwashing and thus, the incentive to make use of Silent sustainability, launching a marketing campaign with an environmental focus can easily backfire unless you are adequately prepared. This results in an environment where companies may benefit from not disclosing the green initiatives that they are a part of, and it certainly becomes a threat that you would want to consider.

However, despite the potential risk of a negative impact from green branding, it is clear that many companies may benefit from straying away from the method of silent sustainability, and instead announcing the measures they take in order to become environmentally sustainable. Being branded as a green, sustainable or environmentally friendly company can help attract consumers who are concerned with this specific issue.

With that being said, it is not guaranteed that this benefit is immediately apparent on the company's financial bottom line. Rather it may serve as a way of future-proofing the company's reputation in a society where environmental issues are a growing concern. You could say that green branding is not an aggressive marketing move that serves the purpose of increasing profits directly, but rather it is a survival strategy that aims to minimize potential future damage to the reputation, which could be caused by a lack of green initiatives and environmental awareness.

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13. Appendices

13.1. Appendix 1

Interviewee: Carsten Buhl, former marketing manager of Carlsberg → Expert Own Assessment

I = Interviewer, II = interviewee

1) *When did Carlsberg shift their marketing efforts to a greener one?*

II: "When? You're asking me when?"

I: "Do you know approximately?"

II: "Well, when I left Carlsberg, which is about five years ago [mumbling] we were already shifting. Carlsberg shifted little by little but didn't tell a story about it. In the beginning of this century, in the zeros, so to speak, the focus was mainly on water, and that's for the very clear and very obvious and then energy consumption. On top of that there was a constant focus on minimizing things like transport, transport efficiencies. We had a huge evaluation of the shift from glass to cans. At the time cans were not allowed in Denmark, at that time, and that means that for every liter or kilo of water you transport, you transport a lot of packaging, because glass to conserve the same amount is much heavier than cans, and on top of that, on a pallet you have fewer liters of beer. So, the shift from cans, although much disputed in Denmark for environmental reasons, and it was mandatory to put in, that was also a shift towards, so actually when you have a truckload going you move more beer, more liters per the same amount of gas and stuff like that. But what you will probably realize is that there wasn't a story, but it was a constant focus and over the time also reported, Carlsberg has never really adopted a complete triple bottom-line sort of reporting style, but more and more emphasis was put on it and they get very good remarks now for their annual reports and just read those but, i mean, it has been on the agenda for the last fifteen years. In my time, when working there, I was involved in many small projects. One project was how do, also on the glass bottles, how do we just reduce the glass bottle weight with a few grams, cause when you multiply by millions a few grams becomes liters, kilos, tons, lots of stuff. But it was mainly the supply side and the marketing did very little focus on communicating this story. The founder, you can not talk Carlsberg without going back to the founder and the golden words of Carlsberg, and that in the beginning was interpreted, focusing almost entirely on the liquid, because that was JC and Carl's focus. Then later it become a focus on also the packaging. Primary packaging, which is the thing in contact with the liquid, and to some extent secondary packaging, but now the interpretation is that the golden words, which are enshrined to see when you see the gate, the elephant gate. The golden words are also including sort of the impact of how we produce the beer and how we get rid off the remains after having consumed the product. So it has been on the agenda, you could easily say for twenty years, but the storytelling around it from a marketing point of view, that is only dating back two-three years, if you look really at it, with the snap pack being sort of their major breakthrough".

2) *What influenced Carlsberg to go for a green brand strategy?*

I = Interviewer, II = interviewee

II: "What influences Carlsberg in order to go to a green. There are, you could basically say that there are three main stakeholders in that. One, the external pressure, so if you do your PESTEL analysis you can see that there is an external pressure coming from, not only interest groups, but now from a broader context of consumers in general, and also for the retail, and the retail is happy to be part of that solution so they can communicate that as well, because retail will never be much better than their suppliers, if you look at it. Føtex and those kind of store, Netto, whatever, they don't pollute they don't do so, they are depending completely on their stakeholders doing things. The only thing they really have as a big agenda is waste. Not having over date products in the stores. So that's the one thing. Then you had a political pressure, definitely, where restrictions, government, lawmakers and so on, have an increased focus. And then you must admit there is an internal focus as well, because employees want to work for a company. They admit by working in an alcoholic company you'll have, by default, considered to somewhat work in a company that can be criticized. Not as much, in my point of view, but that's subjective, as tobacco, but it's definitely a company where you're used to having build in problems from the character of your products. And that we have spent a lot of time on with Carlsberg, from drink and drive projects dating back fifty years for now or something [mumbling], so we've been used to that, so there is also in internal pressure. Of these three it is definitely the increasing consumer pressure that Carlsberg has definitely felt, because now there is really story also to be told".

3) To what extent did competition in the market influence Carlsberg's shift to greener focus from 1-10?
I = Interviewer, II = interviewee

II: "To be honest very little".

I: *"Very little?"*

II: "Yeah. Because Carlsberg has some advantages. They developed a special 'cake system', where you change the cake from basically being metal to being a plastic shrink wrap and that had tremendous advantages in terms of serving the beer. Because then they could avoid the beer getting in contact with air, so it stays fresh for a longer time which was their competitive advantage. What other companies have been doing, they all look at each other, analyze each other. In my point of view, and now I speak as an outsider having only a little feel for it now than before when I was working for them. I honestly don't think competition has that big of an impact. But as I said, retailing has started to demand green initiatives, and that is both supermarkets but also bar trades where they like to have that agenda. The bar trade worldwide speaking is not that much of a demand, we don't care so much about green issues when we go out drinking on a friday night. But we do care when we see plastic lying around in the supermarkets, then it's more obvious to us".

Seconds break

II: "I honestly don't think that competition directly has an effect on Carlsbergs green marketing. But then indirectly, because there is a constant strive to improve 'old ways'. The founders of Tuborg, which is a part of the company, once said that 'If you don't go forward, if you stand still, that's like going backwards. And that's competition in a nutshell'. So if we don't, or I mean, if Carlsberg doesn't grab the positioning as being on the forefront of environmentalism, someone else will go green before them. All the other big companies, they are looking in that direction. When you look at market shares, you will see that other companies has a muscle that is much stronger than Carlsberg's because of their share. So those companies can, if they really want to, they could push forward on this agenda, as they have more resources to put behind it, both for innovation, distribution power and so on".

4) Did environmental legislations influence Carlsberg's marketing focus? And if so, to what degree from 1-10? (Miljøstyrelsen and the EU)

I = Interviewer, II = interviewee

II: "It is interesting with Carlsberg because when Danish students come and ask they always think that Denmark is important. Denmark doesn't matter [shit] to be honest, and on the other hand it does matter. Denmark is less than 5% of Carlsberg. It is much more important what happens in Russia, China and some of the other big markets. That's where it's really important, but then if you look at profits and so on; EU is of course important. What Denmark needs and expects, has a significance for two reasons. 1) Top management is most of the time in Denmark even though it is a Dutch president and CEO. Most of the top management live and they experience the environment of Copenhagen, they have neighbours and they have friends in Denmark. So they are indirectly impacted by the Danish culture and the Danish approach to environmentalism. But second, from a strictly business point of view, Denmark is small and Miljøstyrelsen has zero influence. But from a trend point of view and from a 'setting the agenda' point of view, Denmark is not small - Denmark is on the forefront worldwide in many issues regarding energy, water and so on. For the Triple bottom line, how people are treated, environment and so on, Denmark sets the bar and is a part of setting the bar high. So in that point of view, it is always good if you can live up to Danish standards officially. IF a firm does this, they can of course live up to almost any standards anywhere in the world. So in that sense... it is kind of... Denmark is the forefront that helps to set the bar, which is correct. And then given the market strengths that the Carlsberg Group has in Denmark, testing products in Denmark is something they do. Because in Denmark they have market strengths and it can deliver volume. But the snap back (plastic free beer cans) is produced in Poland and essentially tested in Denmark first".

5) Is there any specific reason behind the Carlsberg beer cans are plastic reduced and Tuborg is not?

I = Interviewer, II = interviewee

II: "Yes, whenever you do these things, you would want to test it first. No company rolls out a thing like this entirely without testing. First of all, it takes investment because the machine for the initiative are different. It's just about the converability of how it operates. I mean it is it is super easy and well practiced to put the plastic wrap on. Not it will have to be a new machine, using glue, and this gives other types of complexities. What if it completely fails? Then you would have done a major investment and it doesn't work. What if the complexity is in the market? So you test the given market that you're in, and it appears to work. I can tell you, it won't be long before they do it for Tuborg as well since sales have gone up for Carlsberg. So they will be running for all of the other brands in the Carlsberg Group to have the same, including brands that you guys haven't even heard of. But it takes time and there is a rollout process for that. A firm can't do everything from one day to another".

Some seconds break

II: "Carlsberg being sort of the child of the founder with the golden words, is the obvious choice for this type of investment. The very first ecological beer in the Carlsberg Brew Family was actually Tuborg. So it not like Carlsberg sort of gets and then tuborg doesn't, it's just about timing. The very first Tuborg ecological beer didn't work, as it came too early. So now they waited a few years".

I: *"Was that the Tuborg Raw one?"*

II: "No no, it was way before that. The first tuborg ecological beer was in the market and then out, because it was a difficult thing and their test for that one was not good enough".

6) How come there is a greater emphasis on Carlsbergs green marketing than the other brands of Carlsberg?

I = Interviewer, II = interviewee

II: "It stems from the story before. It is a strategic decision and it is about being communicated. You cannot have a mixed message for everybody with many agenda's, so you point out and say this is the strength here. Honestly if you look at Carlsberg' portfolio worldwide, Tuborg is behaving better than the Carlsberg Brand. So Carlsberg needed a new agenda as a brand, and you could suspect that the brand management saw that there was a strong positioning, a good hold of the used generation with Tuborg, so let's give this advantage to Carlsberg from a portfolio management point of view. I will not exclude that, it is maybe not formulated as directly and harsh as I say it here, but that could be part of their agenda. Because any good initiatives that has a cost- or a market benefit will little by little spread to the other brands as well".

7) What concerns did Carlsberg have with their green investment?

I = Interviewer, II = interviewee

II: "What concern they have with their green investment? Well, first of all, as in any other company, they have to be able to get a return on investment, at the same time, if there is a market story and a competitive advantage story from it, great, then that is a technical company. I mean, when you do things like the snap-pack, they have probably spent six-seven years on it, and they are, now they are working on the cardboard bottle, and that will take them another few years, because the amount of starting, just getting the story out there and preparing everything from a technical point-of-view. It looks simple, going from plastic to cardboard, but you have to go to the line, you have to change the line, you have to have speed on the line, you have to test this, i mean, it is a dramatic change whenever you do things like that. Changing the color on a can is easy, but changing plastic is difficult, so that is another thing, because it may reduce the speed of the line, and then that reduces the output per invest of the unit, so you may have to upgrade the lines there, you may have to find other things, so there are many many issues. Another issue is, what if the glue is really bad. Have you checked that? What if the glue is very energy consuming in producing, what if the components of the glue are polluting rivers somewhere down in, I do not know where they get it from, it could be Estonia, so that the production plan of that particular glue actually has a lot of blue river with nice water but a completely dead river with a lot of dead fish lying there, what about that. So nowadays you have to have the whole supply chain and value chain analysed in order to make sure, yeah, because the moment a newspaper comes out and says 'yeah it is very smart that you change from plastic and the oceans are happy about that, but now instead of killing the fish in the ocean by eating plastic, you are killing the fish in the river by putting the chemicals in the storage', and things like that is definitely a concern. Now they have a very good guy working on it, so I know that they are very meticulous in that, but that story could be devastating, because the moment you say, 'we are clean or we are better than before', you have to have had your facts checked, and it is not only your supplier but it is the supplier of the supplier of the supplier of the supplier, you have to go back the whole chain, otherwise someone can write that article that will "kkkhhh" [cutting of the throat gesture] and then it backfires more than if you have not. So the moment you say, 'hmm, I am clean I am a saint, I am an angel now', you have to have your story double checked"

8) Do the shareholders of Carlsberg have any influence on the marketing strategy implemented from 1-10?

I = Interviewer, II = interviewee

II: "No"

I: "No?"

II: "They do not. They do not, that is a management decision. Then you have the indirect influence because the board is elected by the shareholders, but the shareholder, that is one, that is the foundation, and they appoint according to certain rules which you can look up on the net and they put very very skilled people in top, I have had the pleasure of sitting there, it is very smart people and they select the CMO and he gets the marketing plan and strategy for the whole brand portfolio approved and then, but, overall, they set the agenda for the strategic push of the company, and the strategic drivers for Carlsberg is that 'we need to behave' because Carlsberg has way back always been concerned, I am saying always but at least for a very long time, been very much considerate that 'it is better that we behave well and regulate ourselves', and there is a thing called the European Roundtable of Brewers where they all regulate themselves in what they can do in advertising, so that it does not become legislation, because they do not want to have legislation, they want to have more independence so it is the businesses that have been concerned with these kind of issues for a very long time, so it is an internal drive, but you can as a shareholder go to the GA and raise you voice even if you have just one share. Somebody does that and then you will say 'I do not like that campaign' but the influence on a day to day basis, is zero. There are skilled marketing people doing that, but the very long strategic drive of course, marketing reflects that as well.

9) To what extent is the Green branding technique to avoid future financial risk from 1-10?
I = Interviewer, II = interviewee

II: I don't understand the question.

I: It's ah, hedging future risks in terms of financial performance and then trying to use green branding as a technique to avoid that risk.

II: "I will quote the last Lars Rebien from NOVO, who said that in the short run you may see people issues and environment issues as cost burdens but in the long run they all become financial issues. And in the long run, that is the answer to your question, you have to do something about them because they will it will become a financial issue, because of consumer pressure, preference and pressure. Because of either legislation done or legislation being threatened to be done or just the competitive strengths that you can get out of being just slightly better, but competitive strengths is irrelevant if you the consumer, we the consumers do not perceive it, and yeah."

Seconds break

II: "You know the whiskey brand, Jack Daniels, that was tripled filtered and they… that is just the way they did it then and they promoted their beer with other things and other traditions and black bottle and things like that. And then they had the marketing team coming through the production once they changed marketing things that they were going to sell [mumbles] and then they were talking to these guys and say 'how do you do whiskey?' and then they told them the process, 'And then we filter it and then we filter it and then we…' that's where I heard the word 'triple filtered'. And then they asked them, 'Do all whiskey brands do it like that?' 'No, because… for some reason they can filter it in other ways and so on'. And then the marketing guys got that, and for ten to fifteen years Jack Daniels kept growing crazy amounts because they used, the only whiskey brand that is triple filtered and they always triple filtered and nobody really knew. Can you tell me what's the advantage of a whiskey being triple filtered?"

question directed at one of the interviewers

"Nobody… No consumer has a [fucking] clue what it actually meant to the brand and such, but it sounded fantastic. '… oh man, mine is triple filtered, what is your whiskey?' 'I don't know'. And that gave you a story telling that you could do. It is just a matter of taste. Sometimes you see that there are five different hubs being used for a beer, yes. So fantastic, but if you don't like the taste, yeah but five is the number. So sometimes taking the unchangeable and making it into something concrete, even though it may not have a real advantage when you have brands by storytelling where being a connoisseur or where knowing things about it sometimes give an impact that can give you a competitive advantage. At Denmark at the moment you can get chicken from Bornholm. Wow. Yeah, they're from Bornholm. So? Is there actually any good reason that the chicken from Bornholm should be better than chicken from somewhere else? There isn't – but they're trying to do that. And then you have carrots, [lammefjordsgulerødder] they come from stemmed up area where there's actually a reason because that is very fertile ground, because of the way it was overtime has been- So there you have a reason. In other areas the production of wines that can beneficial because here you have more sun or more rain or whatever. So, there may be reasons, but in some of these it doesn't really matter. But, if you consumers hear an advantage from it and can tell the story, then it is an advantage and then that will drive the brand."

10) How much of a chance is there for Carlsberg beer prices to increase due to climate change from 1-10?

I = Interviewer, II = interviewee

I: "Or approximately you own idea but?"

II: "That it will happen? Or?"

I: "Yeah"

II: "Well, if you look at beer it's quite amazing. When I started working for Carlsberg back in the 90s the one crate of beer cost the some as it does today. In consumer pricing – there have been some taxes. The challenge here is that if you look at the overall deliver cost when you go to buy a, let's just say in rough numbers that you go and buy a Carlsberg bottle at the supermarket for 6-7 DKK. If you take the production cost out of that, that will- my rough estimate will be, between 20 and 25 [øre] for the liquor and everything. Everything else is VAT, taxes, transportation and whole range of other costs. Some of those costs will be impacted by environmental costs. For instance, transportation and logistics, may increase over time, because combustibles will be more, we will move to electricity and one of the areas, one legislation will come in with some diesel trucks. And that will not be as efficient at the beginning, so there may be a cost increase there. At the same time there are challenges in other areas, so yes – It may increase. But again, competition will be important here as well. How much do they adhere? And if Carlsberg singularly and many markets should increase their price, that will not happen. It will happen in the sort of under competition. And we may foresee that to increase but not a lot, because the actual impact, the actual cost of the product, the delivered product on the shelf, out of those 6 DKK, 1 DKK then you have a rough estimate, but actually the whole product- all of that. The rest are taxes and margins and other things".