

Sustainability Marketing as a Business Strategy to Improve Performance and Competitive Advantage

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Abstrak

Pemasaran keberlanjutan semakin dipandang sebagai strategi penting dalam meningkatkan kinerja perusahaan dan keunggulan kompetitif di tengah meningkatnya tuntutan akan keberlanjutan. Penelitian ini bertujuan untuk menganalisis pengaruh pemasaran keberlanjutan terhadap kinerja perusahaan dan keunggulan kompetitif. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei terhadap 200 karyawan perusahaan di Kota Surabaya. Data dianalisis menggunakan Partial Least Squares–Structural Equation Modeling (PLS-SEM). Hasil evaluasi model pengukuran menunjukkan bahwa semua konstruk memenuhi kriteria validitas dan reliabilitas, yang ditandai dengan nilai outer loading > 0,70, Cronbach's Alpha dan Reliabilitas Komposit > 0,70, serta nilai Average Variance Extracted (AVE) > 0,50. Uji validitas diskriminan juga mengonfirmasi perbedaan konseptual antar konstruk. Selain itu, hasil uji model struktural menunjukkan bahwa pemasaran berkelanjutan memiliki pengaruh positif dan signifikan terhadap kinerja perusahaan ($\beta = 0,479$; $p < 0,001$) dan keunggulan kompetitif perusahaan ($\beta = 0,461$; $p < 0,001$). Nilai R^2 menunjukkan bahwa pemasaran berkelanjutan menjelaskan 23,0% variasi dalam kinerja perusahaan dan 21,3% keunggulan kompetitif perusahaan, dengan ukuran efek sedang dan daya prediksi yang memadai. Temuan ini menegaskan bahwa pemasaran berkelanjutan memainkan peran strategis dalam meningkatkan kinerja dan membangun keunggulan kompetitif yang berkelanjutan bagi perusahaan.

Kata kunci: Pemasaran berkelanjutan; kinerja perusahaan; keunggulan kompetitif; PLS-SEM.

Abstract

Sustainability marketing is increasingly viewed as an important strategy in improving company performance and competitive advantage amidst increasing demands for sustainability. This study aims to analyze the effect of sustainability marketing on company performance and competitive advantage. The study used a quantitative approach with a survey method of 200 company employees in Surabaya City. Data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM). The results of the measurement model evaluation showed that all constructs met the validity and reliability criteria, indicated by outer loading values > 0.70, Cronbach's Alpha and Composite Reliability > 0.70, and Average Variance Extracted (AVE) values > 0.50. The discriminant validity test also confirmed the conceptual differences between constructs. Furthermore, the results of the structural model test showed that sustainability marketing had a positive and significant effect on company performance ($\beta = 0.479$; $p < 0.001$) and company competitive advantage ($\beta = 0.461$; $p < 0.001$). The R^2 value indicates that sustainability marketing explains 23.0% of the variation in company performance and 21.3% of the company's competitive advantage, with a moderate effect size and adequate predictive power. This finding confirms that sustainability marketing plays a strategic role in improving performance and building a sustainable competitive advantage for companies.

Keywords: Sustainability marketing; company performance; competitive advantage; PLS-SEM



1. INTRODUCTION

Changes in the global business environment over the past two decades have demonstrated a significant paradigm shift in how companies design and execute their business strategies (Butler, 2016). Companies can no longer focus solely on achieving short-term financial gains but are instead required to create sustainable, long-term value for all stakeholders. Issues such as environmental degradation, climate change, social inequality, and increasing demands for transparency and accountability have driven the emergence of a more responsible business approach (Kharis et al., 2025). In this context, sustainability has become an integral strategic element of corporate activities, including the marketing function (Thun et al., 2024).

Marketing, as the spearhead of a company's interaction with markets and consumers, plays a crucial role in realizing sustainability principles (Nurgul & Senyapar, 2024). Conventional marketing approaches that emphasize increasing sales and market share are now deemed inadequate to address the challenges of a complex business environment (Kuruner, 2025). Therefore, sustainability marketing has evolved as a concept that integrates economic, social, and environmental dimensions into all company marketing activities. Sustainability marketing extends beyond claims of eco-friendly products to encompass sustainable product development, fair pricing that reflects sustainable values, ethical and efficient distribution channel management, and transparent and responsible marketing communications (Khalid, 2022).

The implementation of sustainability marketing also aligns with the Triple Bottom Line concept, which emphasizes the balance between people, planet, and profit (Purnama, 2024). Furthermore, this approach is supported by stakeholder theory, which emphasizes that companies have responsibilities not only to shareholders but also to consumers, employees, communities, and the environment. Thus, sustainability marketing becomes a strategic instrument for bridging business interests and socio-environmental demands, while simultaneously building stakeholder legitimacy and trust in the company (Agarwal et al., 2025).

Various previous studies have shown that sustainability marketing has the potential to provide strategic benefits for companies, such as improved brand image and reputation, consumer trust, and customer loyalty (Zulfikar, 2024). Consumers who are increasingly aware of sustainability issues tend to prefer companies perceived as having strong social and environmental commitments (Armeidi et al., 2024). However, research findings on the impact of sustainability marketing on company performance and competitive advantage have yielded mixed results. Some studies suggest that sustainability marketing practices can improve company performance, both operationally and in the market, while others highlight challenges in measuring the tangible contribution of sustainability marketing to financial performance and competitiveness (Chen et al., 2024).

Furthermore, companies often face challenges in consistently integrating sustainability marketing principles into their marketing strategies (Boza et al., 2025). These challenges include limited resources, difficulty measuring the impact of sustainable marketing investments, and the risk of greenwashing practices that can damage stakeholder trust. If



sustainability marketing is not implemented authentically and integrated, this strategy has the potential to negatively impact a company's image and performance (Gong et al., 2023).

From a Resource-Based View (RBV) perspective, sustainability marketing can be viewed as a strategic resource with the potential to create sustainable competitive advantage (Mailani et al., 2024). Sustainable marketing practices internalized within a company's culture and business processes can become valuable, rare, difficult to imitate, and irreplaceable assets. Through product differentiation, brand image strengthening, and long-term stakeholder relationships, sustainability marketing has the potential to enhance a company's competitive position while strengthening its overall performance (Lima & Santos, 2022).

Empirically, stronger evidence is needed regarding how sustainability marketing impacts company performance and competitive advantage, particularly in the context of Indonesian companies (Munandar & Cahyadi, 2025). Surabaya, as one of the centers of economic and business activity in Indonesia, has diverse company characteristics and a relatively high level of competition, making it a relevant context for examining the role of sustainability marketing. Employee perceptions as internal company actors are also an important source of information in assessing the extent to which sustainability marketing has been implemented and has had an impact on the company's performance and competitiveness (Aydemir & Kipcak, 2025).

Based on the description, this study aims to analyze the influence of sustainability marketing on company performance and competitive advantage. By using a quantitative approach and the Partial Least Squares–Structural Equation Modeling (PLS-SEM) method on company employee data in Surabaya City, this study is expected to provide theoretical contributions in enriching the sustainability marketing literature as well as practical contributions for company management in designing and implementing sustainable marketing strategies oriented towards long-term value creation.

In addition, the growing strategic importance of sustainability marketing highlights the need to empirically examine its effectiveness from an internal organizational perspective. While many previous studies have predominantly focused on consumer perceptions or firm-level secondary data, relatively limited attention has been given to employees as key internal stakeholders who directly experience the implementation of sustainability-oriented marketing strategies. Employees play a crucial role in translating sustainability values into daily operational and marketing practices, making their perceptions particularly relevant for assessing the actual impact of sustainability marketing on organizational outcomes. Therefore, examining employee-based perceptions provides a more comprehensive understanding of how sustainability marketing contributes to company performance and competitive advantage, especially in emerging market contexts where sustainability practices are still evolving.

Sustainability Marketing

Sustainability marketing refers to a strategic marketing approach that integrates environmental protection, social responsibility, and economic performance into the core marketing activities of a firm with the objective of creating long-term value for both the company and its stakeholders (White et al., 2025). Unlike conventional marketing, which

primarily focuses on short-term customer satisfaction and profit maximization, sustainability marketing emphasizes the interdependence between business success and the well-being of society and the natural environment. This approach reflects a shift in marketing philosophy toward value co-creation and long-term relationship building with stakeholders rather than transactional exchanges.

The conceptual foundation of sustainability marketing is closely linked to the Triple Bottom Line framework, which highlights the need for organizations to balance economic prosperity (profit), environmental stewardship (planet), and social equity (people) in business decision-making (Zaman et al., 2025). In practice, sustainability marketing extends beyond environmental claims or green product labeling. It involves the systematic integration of sustainability principles into the marketing mix, including sustainable product innovation, responsible pricing strategies, ethical distribution systems, and transparent marketing communication (Garg et al., 2024).

Sustainability marketing can be operationalized through several key dimensions. First, sustainable products are designed to minimize negative environmental and social impacts throughout their life cycle, from sourcing and production to consumption and disposal. Second, sustainable pricing reflects not only production costs but also social and environmental externalities, ensuring fairness and transparency for both consumers and producers. Third, sustainable distribution emphasizes ethical supply chains, efficient logistics, and reduced carbon footprints. Finally, sustainable promotion focuses on honest, transparent, and educational communication, aiming to inform consumers rather than mislead them, thereby reducing the risk of greenwashing (Daou et al., 2025).

From a strategic perspective, sustainability marketing enhances corporate legitimacy, strengthens stakeholder trust, and improves brand reputation. Companies that consistently apply sustainability marketing practices are more likely to build strong relationships with customers, employees, and business partners, which in turn supports long-term business sustainability in increasingly competitive and regulation-driven markets (Hamisi, 2024).

Company Performance

Company performance refers to the extent to which an organization achieves its strategic objectives and delivers value through effective and efficient utilization of resources (Gutterman, 2023). It represents a multidimensional construct that captures both financial and non-financial outcomes of organizational activities. Company performance is widely regarded as a critical indicator of organizational success, competitiveness, and long-term viability in dynamic business environments.

Financial performance indicators typically include profitability, sales growth, return on investment, and market share, which reflect a firm's ability to generate economic returns. However, relying solely on financial measures may provide an incomplete assessment of organizational performance, particularly in the context of sustainability-oriented strategies. Therefore, non-financial performance indicators, such as customer satisfaction, operational

efficiency, innovation capability, employee engagement, and corporate reputation, are increasingly used to complement financial measures (Alexandre et al., 2025).

In empirical research, company performance is often measured using perceptual or subjective assessments, especially when objective financial data are unavailable or confidential. Perceived company performance has been shown to correlate strongly with objective performance measures and provides a reliable representation of a firm's overall performance (Wall & Wood, 2004). Such perceptual measures allow researchers to capture managerial and employee insights into performance outcomes, including improvements in reputation, efficiency, and customer relationships.

Strong company performance enables firms to respond effectively to environmental changes, maintain operational stability, and achieve sustainable growth. In the context of sustainability marketing, improved company performance reflects the firm's ability to align marketing strategies with stakeholder expectations, enhance value creation, and support long-term business success (Seok et al., 2024).

Competitive Advantage

Competitive advantage refers to a firm's ability to create and deliver superior value compared to its competitors, allowing it to achieve above-average performance in the marketplace (Yuleva, 2019). A firm is considered to have competitive advantage when it implements strategies that are difficult for competitors to imitate or substitute, thereby enabling the firm to maintain a favorable market position over time.

According to (Yuleva, 2019), competitive advantage can be achieved through cost leadership, differentiation, or focus strategies. Differentiation-based competitive advantage arises when a firm offers unique products, services, or brand attributes that are valued by customers, while cost-based advantage focuses on achieving lower operational costs. In sustainability-oriented contexts, differentiation strategies are particularly relevant, as sustainability attributes can enhance brand image, customer loyalty, and perceived value.

The Resource-Based View (RBV) provides a complementary explanation by emphasizing internal resources and capabilities as the primary sources of competitive advantage (Utama & Sari, 2025). From this perspective, resources that are valuable, rare, inimitable, and non-substitutable (VRIN) enable firms to sustain competitive advantage. Sustainability marketing practices, when deeply embedded in organizational culture and processes, can function as strategic resources that meet the VRIN criteria. Such practices contribute to differentiation, strengthen stakeholder relationships, and enhance corporate reputation, making them difficult for competitors to replicate.

Sustainable competitive advantage allows firms to maintain superior performance and resilience in the face of competitive pressures and environmental uncertainty. By leveraging sustainability marketing as a strategic capability, firms can simultaneously improve company performance and establish long-term competitive advantage in increasingly sustainability-conscious markets (Utama & Sari, 2025).

Based on the research conceptual framework, the following hypotheses are proposed:



H1: Sustainability marketing has a positive effect on company performance.

H2: Sustainability marketing has a positive influence on a company's competitive advantage.

2. RESEARCH METHODS

This study uses a quantitative approach with an explanatory approach, aiming to explain the causal relationship between sustainability marketing and company performance and competitive advantage. This approach was chosen because the research focuses on hypothesis testing and measuring the influence between variables based on structured empirical data.

Population and Sample

The population in this study were employees of companies located in Surabaya. The selection of employees as respondents was based on the consideration that they have an internal understanding of the implementation of sustainability marketing strategies and their impact on company performance and competitiveness.

The sampling technique used was purposive sampling, with respondents being employees who had worked with the company for at least one year, thus being considered to have an adequate understanding of the company's marketing policies and practices. The sample size used in this study was 200 respondents, which met the minimum sample size requirements for Partial Least Squares–Structural Equation Modeling (PLS-SEM) analysis as recommended by (Hair et al., 2022)

Data Type and Source

The type of data used in this study was primary data, obtained through questionnaires distributed to respondents. Each statement is measured using a 5-point Likert scale, with the following categories:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Neutral
- 4 = Agree
- 5 = Strongly Agree

Data Collection Techniques

Data collection was conducted through closed-ended questionnaires distributed online. A total of 200 questionnaires were returned and deemed complete and suitable for analysis.

Research Variables and Operational Definitions

1. Sustainability Marketing (X)

Sustainability marketing is defined as a marketing approach that integrates economic, social, and environmental aspects into all of a company's marketing activities. This variable is



measured through four main indicators: sustainable products, sustainable pricing, sustainable distribution, and sustainable promotion and communication.

2. Company Performance (Y1)

Company performance is defined as the company's level of achievement in achieving its business objectives, both operationally and in the market. This variable is measured through indicators of performance growth, company reputation, customer satisfaction, operational efficiency, and overall market performance.

3. Company Competitive Advantage (Y2)

Competitive advantage is defined as a company's ability to create superior and differentiated value compared to its competitors. This variable is measured through indicators of product differentiation, unique value proposition, difficulty of imitation by competitors, stronger brand image, and long-term competitive advantage.

Data Analysis Techniques

1. Outer Model (Measurement Model)

The outer model evaluation aims to test the extent to which the indicators used are able to measure the latent construct validly and reliably. The outer model evaluation in this study includes Convergent Validity, Construct Reliability, and Discriminant Validity.

a. Convergent Validity, Construct Reliability, and Validity

Convergent validity is used to assess the level of correlation between indicators and the latent constructs they measure. Convergent validity testing is conducted by considering the outer loading and Average Variance Extracted (AVE) values.

The criteria for convergent validity testing are as follows:

- Outer loading value ≥ 0.70
- AVE value ≥ 0.50

Indicators with outer loading values below 0.70 can be considered for elimination if they do not support the quality of construct measurement.

In addition to convergent validity, construct reliability and validity testing are conducted to ensure the internal consistency of the indicators in measuring the latent construct. This test is conducted by examining the following values:

- Cronbach's Alpha ≥ 0.70
- Composite Reliability ≥ 0.70

A construct is considered reliable and valid if it meets all of these criteria, indicating that the indicators are able to measure the construct consistently and accurately.

b. Discriminant Validity

Discriminant validity aims to ensure that each construct in the research model is clearly distinct and does not overlap. Discriminant validity testing in this study was conducted using two approaches:

1) Heterotrait – Monotrait Ratio (HTMT)

The HTMT value is used to assess the level of similarity between constructs. A construct is considered to have discriminant validity if the HTMT value is < 0.90 .



2) Fornell–Larcker Criterion

This test is conducted by comparing the square root of the AVE value for each construct with the correlation values between the other constructs. Discriminant validity is met if the square root of the AVE of a construct is greater than its correlation with other constructs.

2. Inner Model (Structural Model)

The inner model evaluation aims to test the causal relationships between latent variables and the predictive ability of the research model. The inner model evaluation includes R-squared (R^2), F-squared (f^2), Q-squared (Q^2), and Path Coefficient.

a. R-squared (R^2)

The R-squared (R^2) value indicates the extent of variation in the dependent variable, Employee Performance, that can be explained by the independent variable, Digital Skill. The interpretation of the R^2 value is as follows:

- $R^2 \geq 0.75$ indicates a strong model
- $R^2 \geq 0.50$ indicates a moderate model
- $R^2 \geq 0.25$ indicates a weak model

b. F-squared (f^2)

The F-squared (f^2) value is used to measure the influence of the Digital Skill variable on Employee Performance in the structural model. The criteria for interpreting the f^2 value are:

- 0.02 indicates a small effect
- 0.15 indicates a moderate effect
- 0.35 indicates a large effect

c. Q-Square (Q^2)

The Q-Square (Q^2) value is obtained through a blindfolding procedure and is used to assess the predictive ability of the research model. The model is considered to have good predictive relevance if the Q^2 value is greater than zero ($Q^2 > 0$).

d. Path Coefficient

The path coefficient is used to test the direction and significance of the influence between latent variables. Significance testing is performed through a bootstrapping procedure, with the following criteria:

- T-statistic > 1.96
- P-value < 0.05

The results of the path coefficient test are used as the basis for determining whether to accept or reject the research hypothesis.

3. RESULTS AND DISCUSSION

Outer Model

Outer model evaluation is conducted to ensure that the research indicators accurately and consistently measure the latent constructs. According to Hair et al., (2022), measurement model

assessment in PLS-SEM includes tests of convergent validity, construct reliability and validity, and discriminant validity. These tests aim to assess the level of fit between the indicators and their constructs, the internal consistency of the measurements, and the clarity of the differences between constructs in the research model. This ensures that the results of the structural analysis can be interpreted reliably and scientifically justified.

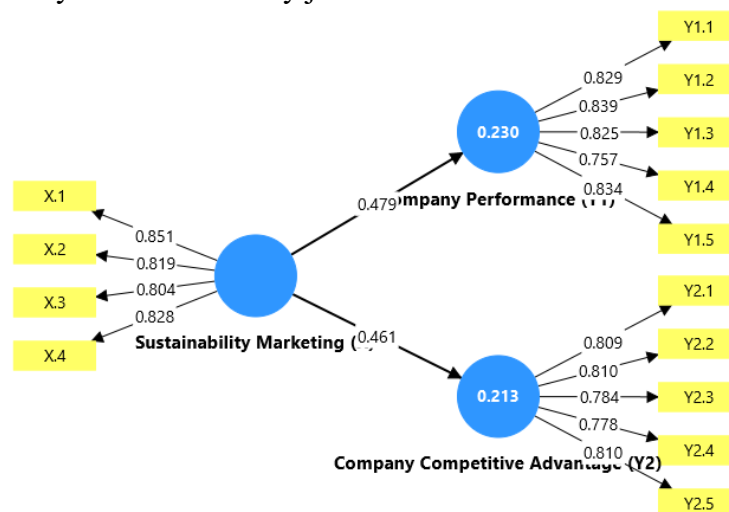


Figure 1. Outer Model

Table 1 Convergent Validity & Construct Reliability and Validity

Variable	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability (rho a)	Composite Reliability (rho c)	AVE
Sustainability Marketing (X)	X1	0.851	0.844	0.846	0.895	0.682
	X2	0.819				
	X3	0.804				
	X4	0.828				
Company Performance (Y1)	Y1.1	0.829	0.876	0.882	0.910	0.668
	Y1.2	0.839				
	Y1.3	0.825				
	Y1.4	0.757				
	Y1.5	0.834				
Company Competitive Advantage (Y2)	Y2.1	0.809	0.858	0.867	0.898	0.637
	Y2.2	0.810				
	Y2.3	0.784				
	Y2.4	0.778				
	Y2.5	0.810				

Based on the results of the outer model evaluation, all indicators in the Sustainability Marketing (X), Company Performance (Y1), and Company Competitive Advantage (Y2) variables showed outer loading values in the range of 0.757–0.851, which has exceeded the minimum limit of >0.70 as recommended by Hair et al., (2022). This indicates that all indicators are able to adequately represent the latent construct and meet the criteria for convergent validity. Furthermore, the results of the construct reliability test showed an excellent level of internal consistency. Cronbach's Alpha values for the three constructs ranged from 0.844–

0.876, while Composite Reliability (ρ_a) and Composite Reliability (ρ_c) values were each above 0.70, indicating that all constructs have high reliability and stability in measuring the research variables.

In terms of convergent validity, the Average Variance Extracted (AVE) value for all constructs ranges from 0.637 to 0.682, meeting the criteria of >0.50 . This finding indicates that each construct is able to explain more than 50% of the variance of its constituent indicators. Therefore, it can be concluded that all constructs in this study have met the criteria for validity and reliability, so that the measurement model is declared feasible and can proceed to the structural model testing stage (inner model).

Table 2 Discriminant Validity

Heterotrait–Monotrait Ratio			
	Company Competitive Advantage (Y2)	Company Performance (Y1)	Sustainability Marketing (X)
Company Competitive Advantage (Y2)			
Company Performance (Y1)	0.411		
Sustainability Marketing (X)	0.531	0.552	
Fornell–Larcker Criterion			
	Company Competitive Advantage (Y2)	Company Performance (Y1)	Sustainability Marketing (X)
Company Competitive Advantage (Y2)	0.798		
Company Performance (Y1)	0.360	0.818	
Sustainability Marketing (X)	0.461	0.479	0.826

Based on discriminant validity testing using the Heterotrait–Monotrait Ratio (HTMT) approach, all HTMT values between constructs are in the range of 0.411–0.552. This value is below the threshold of <0.90 (even <0.85 for stricter criteria), thus indicating that each construct has adequate differences and there is no problem of measurement overlap between variables. Furthermore, the results of the Fornell–Larcker Criterion test strengthen these findings. The square root of the AVE ($\sqrt{\text{AVE}}$) value on the diagonal for each construct, namely $Y2 = 0.798$, $Y1 = 0.818$, and $X = 0.826$, is greater than the correlation value between constructs in the same row/column (e.g., correlation $Y2-Y1 = 0.360$; $Y2-X = 0.461$; $Y1-X = 0.479$). This confirms that each construct is stronger in explaining its own indicators than explaining other constructs. Thus, it can be concluded that the measurement model has met discriminant validity based on both HTMT and Fornell–Larcker, so that the constructs of Sustainability Marketing (X), Company Performance (Y1), and Company Competitive Advantage (Y2) are stated to be conceptually different and suitable for use in testing the inner model.

Inner Model

Inner model evaluation is conducted to assess the causal relationships between latent constructs in the research model. Referring to Hair et al., (2022), structural model assessment

in PLS-SEM includes testing the path coefficient, significance value (t-statistic and p-value), coefficient of determination (R^2), and effect size (effect size f^2 and predictive relevance Q^2). This evaluation aims to determine the strength, direction, and predictive ability of the relationships between variables, thereby ensuring that the constructed structural model has a sufficient level of feasibility and explanatory power to support the testing of research hypotheses.

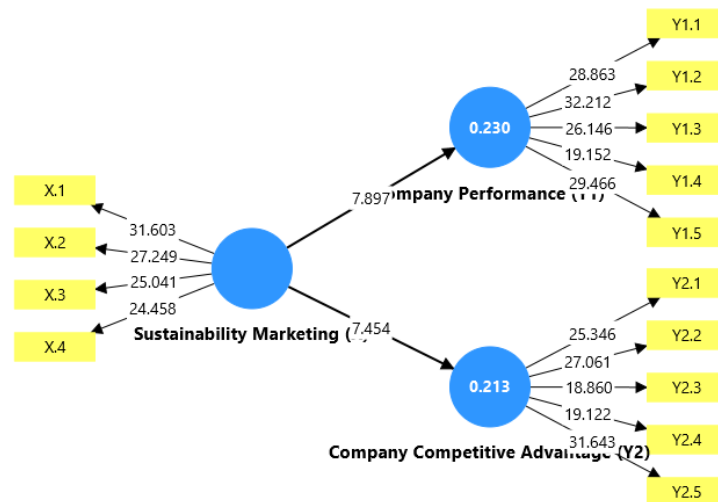


Figure 2. Inner Model

Based on the results of the inner model evaluation, the R-square value indicates that Sustainability Marketing (X) is able to explain variations in Company Competitive Advantage (Y2) of 0.213 (adjusted $R^2 = 0.209$) and Company Performance (Y1) of 0.230 (adjusted $R^2 = 0.226$). This finding indicates that the explanatory contribution of exogenous variables to both endogenous variables is in the low to moderate category, indicating that other factors outside the model play a role in shaping Y1 and Y2. Furthermore, the effect size (f^2) test shows that the influence of Sustainability Marketing (X) on Company Competitive Advantage (Y2) has a value of $f^2 = 0.270$, while on Company Performance (Y1) it is $f^2 = 0.298$. These values are in the moderate effect category, meaning that Sustainability Marketing makes a substantial contribution in increasing the model's ability to explain Y1 and Y2.

Table 3 R Square, F Square, Q Square

R Square		
	R-square	R-square adjusted
Company Competitive Advantage (Y2)	0.213	0.209
Company Performance (Y1)	0.230	0.226
F Square		
Company Competitive Advantage (Y2)	Company Performance (Y1)	Sustainability Marketing (X)
Company Competitive Advantage (Y2)		
Company Performance (Y1)	0.270	0.298
Sustainability Marketing (X)		
Q Square		
Q ² predict	RMSE	MAE



Company Competitive Advantage (Y2)	0.197	0.911	0.707
Company Performance (Y1)	0.211	0.902	0.707

In terms of predictive ability, the Q^2_{predict} values for $Y2 = 0.197$ and $Y1 = 0.211$ indicate that the model has predictive relevance because all Q^2_{predict} values are positive (> 0). In addition, the RMSE values ($Y2 = 0.911$; $Y1 = 0.902$) and MAE (both = 0.707) illustrate that the level of prediction error is still within reasonable limits for the measurement scale used. Thus, the model is not only able to explain the variance of endogenous variables but also demonstrates adequate predictive ability.

Table 4 Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Sustainability Marketing (X) → Company Performance (Y1)	0.479	0.486	0.061	7.897	0.000
Sustainability Marketing (X) → Company Competitive Advantage (Y2)	0.461	0.468	0.062	7.454	0.000

The results of the direct effect test indicate that Sustainability Marketing (X) has a positive and significant effect on Company Performance (Y1) with a path coefficient of 0.479, a T-statistic of 7.897, and a P-value of 0.000. A P-value below 0.05 indicates that increased implementation of sustainability marketing is followed by improved company performance. This means that when companies more consistently implement sustainable marketing practices through sustainability-oriented product, pricing, distribution, and promotion/communication aspects, company performance tends to improve.

Furthermore, Sustainability Marketing (X) was also proven to have a positive and significant effect on Company Competitive Advantage (Y2) with a path coefficient of 0.461, a T-statistic of 7.454, and a P-value of 0.000. These results indicate that strengthening a sustainability marketing strategy can improve a company's competitive position, for example through clearer differentiation, a stronger brand image, and unique value that is more difficult for competitors to imitate.

Thus, all relationships tested in the structural model are declared significant, so that the hypothesis regarding the influence of Sustainability Marketing on Company Performance and Sustainability Marketing on Competitive Advantage can be declared accepted.

4. Conclusions

This study aims to analyze the influence of sustainability marketing on company performance and competitive advantage. Based on data analysis using Partial Least Squares–Structural Equation Modeling (PLS-SEM) on 200 employees of a company in Surabaya, it can



be concluded that sustainability marketing plays a strategic role in improving company performance and competitiveness.

The results show that sustainability marketing has a positive and significant impact on company performance. This finding indicates that implementing sustainable marketing practices through sustainability-oriented product, pricing, distribution, and promotion and communication aspects can improve a company's reputation, operational efficiency, customer satisfaction, and overall performance. Thus, sustainability marketing not only functions as a form of social and environmental responsibility but also makes a significant contribution to achieving a company's business goals.

Furthermore, sustainability marketing has also been shown to have a positive and significant impact on a company's competitive advantage. This suggests that a sustainable marketing strategy can be a source of differentiation that sets a company apart from competitors, strengthens its brand image, and creates unique value that is difficult to imitate. From a Resource-Based View (RBV) perspective, sustainability marketing can be viewed as a strategic resource with the potential to build long-term competitive advantage.

Overall, this study confirms that sustainability marketing is a relevant and effective marketing approach for improving company performance while building sustainable competitive advantage. Therefore, companies are advised to consistently integrate sustainability marketing into their business strategies to create long-term value for the company and all stakeholders.

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