

Communicating Sustainability

Industry Report

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Highlights and Implications

Following up on two previous studies among shoppers, which pointed out the need for better consumer communication of sustainability initiatives, Ryan Partnership co-fielded this study with Sustainable Brands and Market LOHAS Research & Insights (MLR) to understand the manufacturer and retailer perspective.

We found that even organizations which have been focused on sustainability for some time are still grappling with the right level and type of consumer communications about their efforts. Other organizations, newer to sustainability efforts (including most conventional retailers), are just beginning to share what they have learned with their shoppers. While some companies have created high-impact, widely visible sustainability communications, concerns about consumer confusion and greenwashing, as well as a lack of standardized measurement tools, have held many back from publicizing their own real progress and achievements. Further, most of the organizations interviewed hold relatively traditional views of the role of manufacturer and retailer in the world of shopper communications, which may not serve either of them particularly well as they strive to meet the information needs of their shoppers in this complex and increasingly important area of sustainability.



70% of shoppers consider sustainability in their purchase decisions

–Ryan Partnership/MLR Styling Sustainability Report, 2012

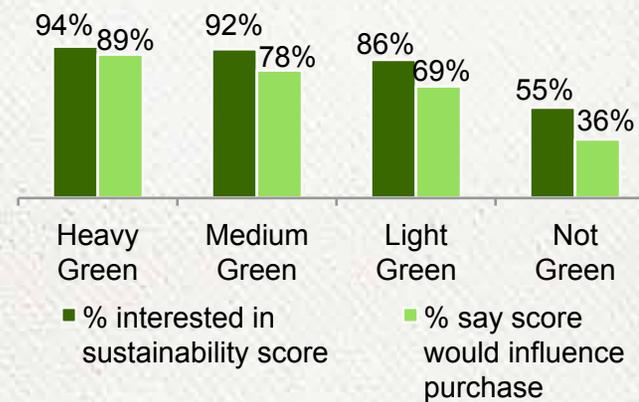
The lines between “conventional” and “sustainable” are blurring, and retailers and manufacturers have become increasingly sophisticated in planning together through their shopper marketing efforts. We encourage those committed to sustainability on both sides of these “fences” to forge new ways of working together to provide shoppers with the information they need to act on their existing desire to purchase sustainably.

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In previous shopper marketing studies, Ryan Partnership and Market LOHAS have explored the topic of sustainability as it relates to shopper interest in a sustainability product score, and how it is impacting the apparel industry. Their report “One Green Score for One Earth,” (<http://www.onegreenscore.com>) revealed that the growing body of sustainability-minded shoppers has a need for better, more useful communication about products’ sustainability credentials. While consumers are aware of the complexity involved in communicating sustainability efforts, their ideal is a single sustainability score, clear and concise, applied by a reliable third party (i.e., not a brand, retailer or government) that allows them to confidently compare the environmental and social impact of products across categories, retailers and price points.

A few months later, a Ryan Partnership/MLR MamboTrack Eco Apparel report on “Styling Sustainability” pointed out that perceived lack of availability is a major barrier to purchase of sustainable products though 70% of shoppers consider sustainability in their purchase decision. The report concluded that shoppers become aware of sustainability factors regarding apparel

SUSTAINABILITY SCORE INTEREST
AND PURCHASE IMPACT BY GROUP



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when in the store, and that it would benefit brands and retailers to work together to improve communication of sustainable practices and credentials at the point-of-purchase.

In light of this learning, we began to ask ourselves: what is the current state of sustainability communication to shoppers, from both brands and retailers? How are they currently working together to provide shoppers with the information they need? And how do they see that effort evolving in the future? We designed the latest study to provide insight into the sustainability motivations, practices and intentions of both “conventional” and “sustainable” firms, based on in-depth interviews with executives at these firms who are responsible for sustainability communication efforts.

We talked with them about how they define sustainability and what motivates their firm’s efforts, but especially about the current state of sustainability *communication*. We asked them about their own efforts and those of their competitors; we asked about the challenges they face communicating sustainability, and we talked about best practices and the future of this important communication topic. Their answers form the basis of this white paper.

WHERE ECO/SUSTAINABLE INFORMATION IS FOUND IN APPAREL PURCHASES



Info on Apparel
57%



Signs In-Store
37%



Store
Salespeople
9%

Source: Styling Sustainability Study, 2012



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The WHY of Sustainability Practice—It's NOT Just about the Planet

The top motivation for participants' sustainability programs is "the environment/the planet," although the strength of this particular motivator varies by the type and focus of the organization. Not surprisingly, organizations which identify themselves as "sustainable" are most likely to cite "the environment" and "part of our DNA" as their motivation for sustainable practices. They universally agree that this commitment is integrated into their organization and its day-to-day ways of doing business. Conventional organizations, on the other hand, are equally likely to say that "the environment" and "operational efficiencies/profit" are behind their company's commitment, with retailers and Consumer Packaged Goods (CPGs) leading the pack on that answer. Electronics brands tend to state that their sustainability programs are a corporate mandate, driven down by top management, and they are also more likely than those in other categories to cite "employee engagement/employee driven" as a reason for their commitment. Apparel companies are most similar to the larger group of sustainable companies in that "the environment" and "part of our DNA" are their leading motivation.

On the brand manufacturer side, since integrated sustainable practices are most often a corporate mandate and actions are driven from the top, it may be easier to get buy-in

“Sustainability protects shareholder value, supply chain efficiency, profit/revenue and protects social license to operate in a community. [It] is part of a kaleidoscope of interlocking objectives.”

—Conventional CPG Brand Manufacturer



Industry Report

The WHY of Sustainability Practice—It's NOT Just about the Planet

throughout the organization. For many companies, the move toward sustainability has positive economic implications and a solid business case, apart from any altruistic motivations. These executives say their firms have integrated sustainable practices such as resource conservation, reduced packaging or increased recycling into their organizations because they have led to increased operational efficiency and lower supply chain costs.

Retailers' sustainable practices, however, are most influenced by economic interests, with about two-thirds mentioning improved efficiency/lower costs as a reason for their corporate commitment. They are almost as likely, though, to prioritize local/social factors, such as engaging employees and stakeholders or supporting the communities in which they operate through education and outreach. A number of organizations are starting to communicate sustainability "from the inside out," engaging their employees and value chain as brand and store ambassadors. These organizations feel that, by directly engaging employees, they are able to more effectively communicate their sustainability messages.

It is clear that this divergence in motivations would lead to a range of messages being communicated to shoppers by

different types of organizations. This, in turn, may water down the strength of the overall message that producers and retailers are offering a wide-range of green options across the gamut of categories which consumers are shopping. It is also easy to see how it would contribute to shoppers' growing confusion about what "green" or "sustainable" means and which products are "really green." The implication for both brands and retailers is that they must first work to understand how their shoppers define sustainability and what it is they are looking for when they shop sustainably. That is what their shoppers want to hear about, and what will influence them to open their wallets. Brands and retailers must then work together to communicate clearly, through the touchpoints each influences, how they are meeting their shoppers' desire for sustainable products.

"We are engaging with consumers through sustainable retail programs such as reusable bags. We are proud of planting the seeds and making a difference. Young people are receptive and education is key."

—Sustainable Retailer



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The Current State of Shopper Sustainability Communication

Brand Manufacturer Communication

Brand manufacturers look to sustainable communications to enhance relationships with consumers and build brand equity. Conventional manufacturers often find the “soft sell” approach works best, and they tend to pepper the sustainability message across a variety of brand communications and channels without making it the lead message. Consumers are paying more attention to sourcing, that is “how and where products are made,” so manufacturers are trying to meet this need by becoming more transparent. The challenge is to do this in a way that does not overwhelm or turn consumers off—or get labeled as “greenwashing.” Many brands—both conventional and even sustainable—are not entirely sure whether sustainability awareness directly drives purchase intent. For both these reasons, they tend to deliver their sustainability messages in the context of claims and information about overall product quality, reliability and durability.

Another way they are engaging shoppers is through sustainable “edu-tainment” initiatives, including animation or educational tie-ins with simple messaging that resonates with consumers (e.g., recycling, smarter product usage and conservation). Even sustainable brand manufacturers tell

us they might downplay their communications about green attributes for fear of being seen as jumping on the “green bandwagon.” While this is understandable, it is also true that the more brands play down or hide their green credentials in other messaging, the harder it is for consumers to hear the message—and this may further divorce their intentions from their actions when it comes to using sustainability as a purchase-decision driver.

“We are proud of taking a lead role—we do not have a ‘compliance culture.’ We would, however, love to have a deeper sense—evidence—that consumers choose products because of sustainability leadership.”

–Sustainable CPG Brand Manufacturer

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The Current State of Shopper Sustainability Communication

It becomes a vicious cycle. One solution to this problem is to think carefully about the role each element plays in your overall communications plan. It may make sense to speak in relatively vague terms about sustainability in a mass medium such as television advertising, where it is not clear that sustainability is a high priority for most of the audience. Other media, however, may be just right for a very specific message about how your products and/or processes are contributing to the planet. Targeted digital or radio ads, for instance, may be effective, as well as concise information specifically addressing sustainability at the point-of-purchase (POP)—where it makes a difference to sustainability-minded shoppers who are in decision mode. In terms of tactics, brand manufacturers are using a wide variety of tools to get their sustainability message to shoppers. They rely most heavily on in-store POP (tags, labels, signs) to tell their story, but are also more likely than retailers to use their website (4 out of 5), social media (over one-half), public relations and advertising (over one-third each). CPG and apparel brands are most likely to use POP, while electronics brands rely more on their websites and public relations. Clearly, there are opportunities to use all these methods of communication to deliver the right message to the right people at the right time.





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The Current State of Shopper Sustainability Communication

Retailer Communication

As mentioned before, retailer sustainability communication programs often take the form of employee initiatives. By creating “eco” education sales programs, companies are able to get associates excited and train them to become brand sustainability ambassadors for their store. Retailers also address sustainability through non-profit alliances. For example, they have created “Planet partner” programs engaging shoppers around environmentally friendly product trade-ins, disposal, recycling, reuse, and repurposing.

Retailers are also using the in-store environment, as well as digital tools, to get the sustainability message out. Point-of-purchase tags, labels, and other signage are popular methods of communication, but only two-thirds of retailers report using point-of-purchase tactics to speak to their shoppers about sustainability. Given previous learning that consumers cannot always find sustainable options while shopping, this seems like “low-hanging fruit” for retailers not currently taking advantage of their real estate to communicate their sustainability commitment. Tactics such as websites and social media are also making inroads among retailers as a means of communicating sustainability.

A separate study Ryan Partnership recently conducted on digital retail tool usage, “Ryan Partnership Digital Retail Tools Study 2012” (www.ryanpartnership.com/ryandrs_kf_vio.dnld) showed that digital shopping tools deployed by retailers (such as websites, social media updates, shopping apps and even emails and texts) have a strong impact on a shopper’s choice of which store(s) they visit. So using these flexible media options to communicate a retailer’s sustainability messaging can be a powerful way to meet shoppers’ information needs at the right time and on their own terms, and to drive sustainably-minded shoppers to a particular retailer.

“Best practice is subtle—not hitting shoppers over the head with the message. Part of sustainability communication is in the mix and composition of products offered at retail.”

–Conventional Retailer



Industry Report

The Current State of Shopper Sustainability Communication

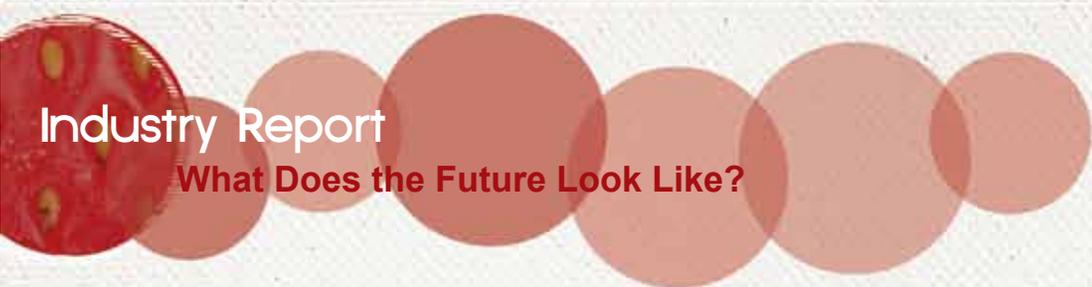
Role of Manufacturer vs. Retailer in Sustainability Communications

Because manufacturers are the creators of the product, they most often feel their role is to tell the sustainable story of the brand—convey why their product is good for the family/community/world. Retailers feel they are best suited to educate consumers about the benefits of sustainable practices. They can showcase sustainable products and, through direct contact, make the message relevant to shoppers and the community in which they operate. Both players tend to see their communications role in these fairly conventional terms. Given the complexity of sustainability, shoppers' expressed need for information, and the concern about over-communicating green benefits, it is critical that manufacturers and retailers, whether conventional or sustainable, innovate new ways to work together to deliver the right parts of the message to the shopper at the right time in the path-to-purchase. This may mean that, at times, the retailer is communicating at least part of the brand story at the point-of-purchase or through their digital communications to shoppers. Likewise, it may mean that the manufacturer is

delivering messages to its Facebook fans or email database about a particular retailer's sustainability activities, which mesh with the brand's efforts. The goal is to get the information the shopper needs to them when and where they need it, and from the source that makes the most sense to them.

“There is nothing more important to consumer products companies than getting into the minds of consumers. Sustainability does this. It builds a relationship with the consumer.”

—Conventional CPG Brand Manufacturer



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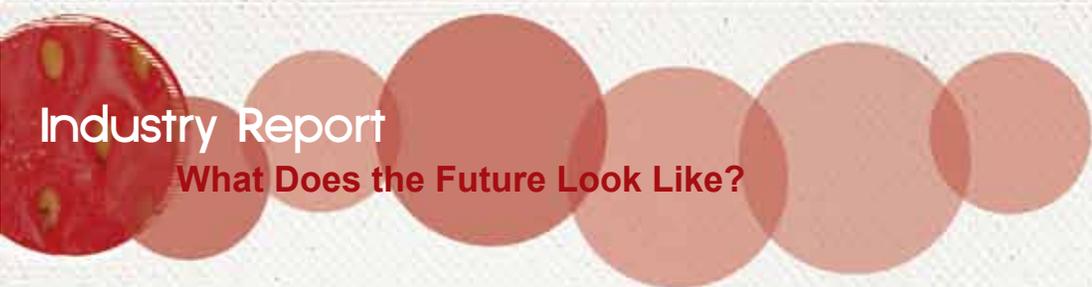
What Does the Future Look Like?

Virtually all of the executives interviewed believe their organization's sustainability commitment is a long-term one and that their commitment will only grow over time. This is particularly true for respondents in apparel and retailing, perhaps because their involvement/commitment is somewhat newer than the CPG and other consumer goods firms. The two most-cited reasons for this projected continuing commitment are that it's the right thing to do for the long-term and that the company has experienced positive business results due to its commitment to date. This combination of idealism and practicality in participating companies' vision of the future is a very strong "strategic cocktail," and reinforces the likelihood that these firms will push through the challenges involved and continue to develop innovative ways to act sustainably as well as communicate those actions.

One troubling element, though, involves the reasons cited for success. Approximately half of our interviewees cite supply chain optimization, operational efficiency or improved corporate value as drivers of business success from sustainability. Fewer than 1 in 6 feel that the sustainability initiatives are customer driven. In other words, they do not believe their consumers, shoppers or customers are demanding sustainable practices from them.

“Millennials want to work for companies they are proud of. We will continue to increase our commitment to sustainability partly in order to attract an educated, committed labor force.”

–Conventional Electronics Brand Manufacturer



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What Does the Future Look Like?

However, we can juxtapose this statement with our learning from our earlier Styling Sustainability study which found that many sustainable shoppers do not buy sustainably because they do not know where such apparel is sold, or do not realize there are as many options as there are. We can see that communication (or lack thereof) continues to be at the core of this issue. Maybe shoppers aren't demanding sustainable options because they are unfamiliar with them and/or the value proposition is not presented in a way that is compelling enough to overcome the price premium. And because they don't see the consumer demand, retailers and brands are focusing on supply-side improvements and not communicating adequately to shoppers. This means shoppers remain unaware of the growing range of sustainable options (and the impact they can have) across categories and channels. They may not be able to put their money where their hearts are as much as they'd like.

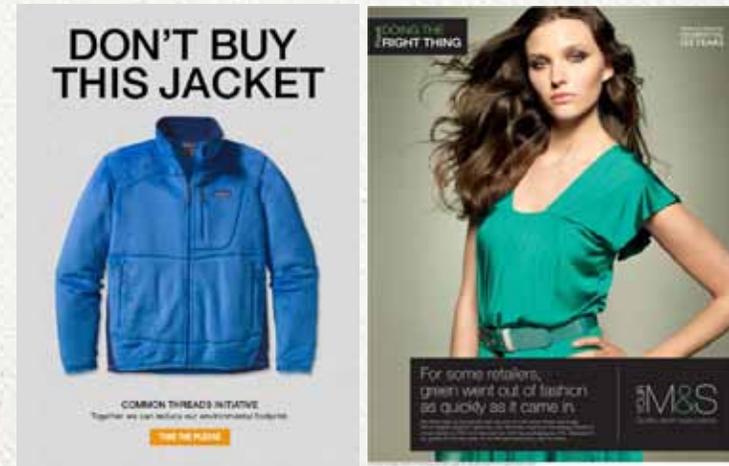
As every marketer knows, there are two sides to business success—supply side and demand side. As long as businesses perceive that sustainability is a way to improve efficiency or lower costs and not a way to respond to customer demand, there is a limit to how far they will go

because there is a limit to how much efficiency can be improved. It is the additional powerful incentive of being able to drive growth by meeting a real consumer demand that will ignite excitement about practicing and communicating sustainability. So, while we see a strong commitment for the near future from all of our interviewees, we also see that communicating transparently, simply and often to consumers is critical to the future of sustainable businesses.

Industry Report Best Practices

What do successful communications about sustainability look like? Well, our industry executives say they look something like recent efforts from Patagonia, Unilever, Marks & Spencer and Walmart. Not surprisingly, given their overall differences in orientation toward sustainability, retailers and manufacturers have a somewhat different take on best practices regarding green communications. Brand manufacturers are generally more likely to point to consumer communication and education efforts when they discuss best practices, while retailers are somewhat more likely to cite communications about supply chain and carbon footprint efforts. This is reflected in their selection of their most admired communications.

In terms of brand manufacturers, just about half of study participants point to Patagonia's "Common Threads" responsible consumption campaign as most compelling. Just over one-quarter expressed admiration for Unilever's Sustainable Living Plan. CPG respondents were more likely to mention Unilever, while other segments (Conventional, Sustainable, Electronics and Apparel) note Patagonia. Recent sustainability communication from Method, GE and SC Johnson also receive relatively frequent mentions (each about 1 in 10).



Industry Report Best Practices

On the retail side of the equation, about half cite Walmart's retail supply chain/greenhouse gas/carbon reduction or packaging initiatives as industry leading. About one in five point to European retailer Marks & Spencer's Plan A communications. However, almost four in ten of our respondents could not identify a retailer sustainability communication practice they admire. This is a situation we expect to change in the coming years as more retailers—both sustainable and conventional—step up their activities, and especially their communications, in this realm.



Industry Report Challenges

Despite these highly visible sustainability communications efforts, our participants are very clear about the challenges facing them as they strive to educate shoppers regarding their sustainable options. Two stand out: consumer confusion/greenwashing (cited by over three-quarters of respondents as a key challenge), and lack of consistency in measurement (over half feel the need for a single definition/rating/score). Greenwashing and confusion represent a particular issue for CPG's, while Electronics—as well as brands which define themselves as sustainable—report that the lack of a uniform score or measurement system is their biggest issue. Ryan Partnership/MLR's shopper study, "One Green Score for One Earth", delves into this issue in-depth and exhorts stakeholders in the sustainable shopping process to work together to create, or at least influence the development of, a universal sustainability score which will help all parties—shoppers, retailers and manufacturers—by making actionable and transparent information available when and where the purchase decision is being made. Such a scorecarding system would not only help address the manufacturers' and retailers' desire for consistent measurement, it would also alleviate much of the greenwashing problem by providing consumers with a comparable standard against which to measure sustainability claims.



“For us, sustainability has been part of our culture from Day One. So our biggest challenge can be how to communicate sustainability to consumers without appearing to be jumping on a marketing bandwagon.”

—Sustainable Brand Manufacturer



Industry Report Conclusion

All participants in the shopping cycle, whether brand manufacturer or retailer, sustainable or conventional, realize the importance of both acting sustainably and communicating to shoppers about sustainability. Although they may vary in terms of where they are on the “green continuum,” they are all navigating the opportunities and challenges of communicating about sustainability. While the focus has been more on acting sustainably (putting the processes and measures in place to act on their commitments), most have also undertaken sustainability communications campaigns engaging key stakeholders such as management, employees and investors. Many have also entered the crowded world of green consumer communications, but studies conducted among consumers and shoppers (by these authors and others) point out that the sea of green claims shoppers face daily has not provided them with the information they need to make sustainable purchase decisions. These studies and our conversations with industry executives have uncovered a real opportunity for better communication at the First Moment of Truth—the point-of-the purchase decision. In addition, though, we believe that both Sustainable and Conventional Brand Manufacturers and Retailers who are serious about their commitment to sustainability need to work more closely together to cross the traditional lines of who communicates what.

Retailers who help manufacturers tell their brand story at the point-of-purchase, or who create new ways to make it easier for shoppers to understand and have confidence in the sustainable practices of their vendors, will find that effort drives as much shopper satisfaction as their communication of their own sustainability practices.

Brand manufacturers who find new ways to innovate and partner with retailers around sustainability efforts and programs will gain added consumer awareness of their leadership role in furthering the goal of sustainable living. Since we know that sustainability is a purchase decision driver for most shoppers to one degree or another, the key to success is keeping the shopper always in mind and working to overcome traditional barriers to provide him or her with the information needed to confidently decide where to vote with their money.

“We believe best practice in sustainability communication right now is multi-stakeholder alliance—partner resources aligned in sustainability messaging.

–Sustainable Apparel Brand Manufacturer



Industry Report Methodology

Ryan Partnership joined forces with Sustainable Brands and Market LOHAS (Lifestyle of Health and Sustainability) to survey industry leaders with respect to how they are engaging and communicating sustainability to consumers.

The study was fielded to a sample of 27 industry executives from both brand manufacturing and retail, across a variety of product categories such as Consumer Packaged Goods, Apparel, Consumer Electronics and Other Consumer Goods, such as paper and office products. Participants were drawn from Sustainable Brands membership, Sustainable Brands 2012 Conference attendees, and MDM sustainable brand industry contacts. Interviews were conducted via telephone or in person, typically 15–20 minutes in length, and covered a variety of areas pertaining to their experiences engaging and communicating sustainability to consumers.

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