



TALK THE WALK ?

Advancing Sustainable Lifestyles through Marketing and Communications



Acknowledgements

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Contributing companies: We want to express our thanks to all Global Compact participants which contributed to the report through interviews and insights on their campaigns and strategy. To be able to focus our analysis on some topics and some sectors, and sometimes due to lack of information, we did not include all the cases submitted by companies in the report. This choice does not express a judgement on the quality of their related practices.

Review Panel: Our thanks go to the Review Panel for its constructive comments:

- Irina Danada, Consumers International
- Eivind Hoff, WWF International
- Tim Kitchin, Glasshouse Partnership (UK)
- John Paluszek, Ketchum (USA)
- Elizabeth Pastore-Reiss, Ethicity Aegis Media (France)
- Solitaire Townsend, Futerra (UK)

Limits of the report according to the Review Panel

The Review Panel's members have been asked to express their views on potential omissions and bias, based on a draft version of the report. They considered that the report:

- Put too much emphasis on price and functionality of green products as barriers to sustainable consumption, and lacks analysis of status and habits barriers which present greater opportunities for marketers (Futerra). Consumers International stressed the need to discuss the barriers to sustainable consumption related to retailers' low cost strategies on conventional products.
- Would have benefited from further discussion of the regulation of labels, the role of e-commerce, the impact of shareholding structure on the practices (WWF), the link with brand value (Ketchum) and the spreading of acquired pioneers culture in the mainstream groups (Ketchum).

In addition, their feedbacks highlighted some potential bias in our analysis:

- Issues and challenges specific to the developing world are not sufficiently tackled. Moreover most data used to back our analysis does not cover developing countries (Futerra).
- The cases studied have been selected through a call for submissions to Global Compact participants, completed by a top-down selection of cases of interest by Utopies. This approach induces a bias compared to a more systematic selection from a defined starting universe (Consumers International).
- The report will have benefited from an in-depth analysis of the whole product line of selected companies rather than just "cherry picking" green products examples (Consumers International).
- Furthermore, the marketing and advertising practices described have not been assessed against local and international regulations (Consumers International).

We fully agree with this analysis. Furthermore we consider that the lack of in-depth analysis of green marketing strategies in industries such as energy and retail banking prevents us from delivering a comprehensive global picture. Finally we consider that a robust analysis of primary consumer expectations per product category, type of consumer and country would have also benefited to the analysis.

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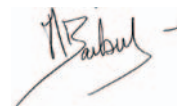
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Forewords

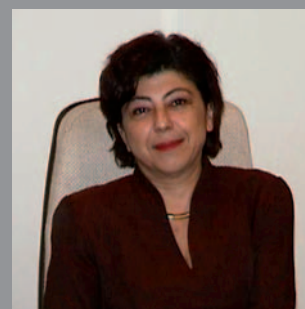
As consumers, we all do not always behave rationally and consistently. This is referred to as the so-called values-behavior gap. As a result, companies wonder what would be the return on investing in the integration of sustainability concerns into their marketing mix. Pioneer companies are managing to overcome these traditional barriers with a view to create or anticipate new business opportunities. They consider sustainable development as a decisive “value” driver in their business.

We know today that environmental gains made by industry in cleaner production are being offset by the increase in consumption levels world-wide. Therefore, we need to take action to reorientate consumer choices – the choices of individuals, industry and public institutions – towards more sustainable lifestyles and purchasing decisions in order to remain within the carrying capacity of the Earth. For the company the question is how, in its marketing process, it can integrate sustainability criteria into activities such as product design and development, branding, packaging, pricing, distribution, personal selling, advertising and sales promotion.

“Talk the Walk” provides companies with a selection of case studies from various sectors to show what kind of marketing and communication strategies are efficient when it comes to promoting sustainability issues. This publication is a contribution to ongoing work by UNEP to advance sustainable consumption under the development of a 10-year Framework of Programmes on Sustainable Consumption and Production (also called “Marrakech process”). It also supports our work to promote environmental responsibility under the UN Global Compact. I invite all practitioners to make full use of this report as you search new ways of marketing sustainable lifestyles.



Monique Barbut
Director, United Nations Environment Programme,
Division of Technology, Industry and Economics



It is with great pleasure that the Global Compact presents “Talk the Walk”. This report is the result of a 2004 Global Compact Policy Dialogue Sustainable Consumption: Marketing & Communications, organized by the United Nations Environment Programme’s Production and Consumption Branch.

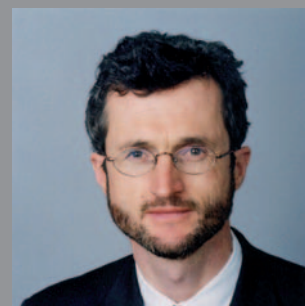
Around the world, we see growing consumer demand for sustainable products, from organic produce to hybrid automobiles. While it represents still only a small fraction of overall demand, this trend is indicative of shifting attitudes and preferences, often triggered by persistent awareness-raising and social marketing campaigns around critical issues – from climate change to food safety or animal testing. And yet, much remains to be done on either side of the shop window: Corporations must be encouraged to innovate and develop products and services which ensure that ecology and economy support each other. At the same time, consumer attention must be drawn to sustainable lifestyles choices by stressing the strong link between consumer behavior and the environmental and social well-being of the planet. The case studies in this report, many of them coming from Global Compact participants, show how targeted and consistent communication efforts can be effective in raising awareness and fostering a culture of sustainable consumption – often with noticeable, positive impacts on sales and growth.

It is fitting that this report was first launched on the occasion of the Global Compact Summit: China, held on 30 November – 1 December 2005 in Shanghai. In this day and age of global interdependence, Sustainable Lifestyles Marketing must reach out to the vast, rising consumer class of today’s emerging economies – countries like China and India, where notions of cleaner production and sustainable consumption are only beginning to come into view.

I would like to thank our partners at UNEP and Utopies, who joined forces to compile this comprehensive and informative study. I also want to thank the many businesses that have shared their knowledge and experiences for this endeavor. I am convinced that this publication will serve as a valuable and stimulating resource to marketing and communications professionals around the world.



Georg Kell
Executive Head,
Global Compact Office



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This report includes interactive links to an online database of TV commercials, press ads and promotional websites related to the various cases studied.

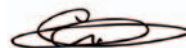
- If you read the PDF version on your computer click on [the link](#) and the ad will automatically be displayed in your browser.
- If you read a paper copy, go to www.talkthewalk.net where you will find a user-friendly interactive index.

The last decade was marked by the emergence of corporate responsibility and non-financial reporting on the business agenda: many companies evolved from a compliance approach towards an accountability approach, which implies that responsibilities extend “beyond the fence”. Now, the radar screen clearly indicates that companies will increasingly be held accountable not only for the immediate impact on their practices, but also for the long-term evolution of their markets and thus the behavior of consumers.

That is where marketing fits in. To really “walk the talk” and deliver the results they announced, companies will have to embed sustainability goals into product development and their business model evolution. In this respect, the communication side of marketing plays a key role, since it allows the company both to communicate its difference and to change consumers’ attitudes.

In this context, this study shows that more than a late alignment of consumers’ behaviors with attitudes expressed in surveys, the current take off of green products’ sales in some sectors is probably a first step from business in that direction. We hope that this report will help marketing departments to turn this evolution into a strategic advantage.

We are very grateful to the Global Compact, the UNEP and the corporate members of Utopies’ Responsible Advertising and Communication initiative for their trust and support which have enabled us to carry out this research.



Stanislas Dupré
Manager,
Utopies



I – How can marketing foster sustainable consumption?

Overview of our findings



What is wrong with current consumption patterns?



Overview of this section

- Since the 60's, consumption is booming.
- This trend is fundamentally unsustainable from an environmental standpoint.
- Changes in consumer behavior are needed to support the introduction of new technologies or sound consumption patterns.

Booming consumption

Over the past decades, consumption has radically evolved, both in terms of volumes and quality. Average household consumption expenditures rose from US\$ 4.5 trillion in 1960 to US\$ 19.5 trillion in 2000 (♣ fig. 1). Though this increase can partly be explained by demographic growth, for the most part it is related to dramatic changes in consumption patterns, which were initiated in industrialized countries and are now taking place in developing countries such as China or India. As a result, today's globalized "consumer class" includes some 1.7 billion human beings, about half of which live in the "developing" world¹. The breakdown of household expenditures has also evolved. The stark increase in incomes has led to expenses in areas such as leisure activities and devices, services and transportation. While the percentage of household expenditure dedicated to basic needs is decreasing, total amounts spent continue to increase to meet consumer needs for more choice and comfort. This trend is well illustrated by the current boom in car

ownership, air transport, processed foods and consumer electronics and is likely to be accentuated in decades to come as globalization continues to export "western patterns of consumption" in developing countries.

"Patterns of consumption is a loose term that aims to describe particular ways in which goods, services and resources are produced and consumed by some community or population."²

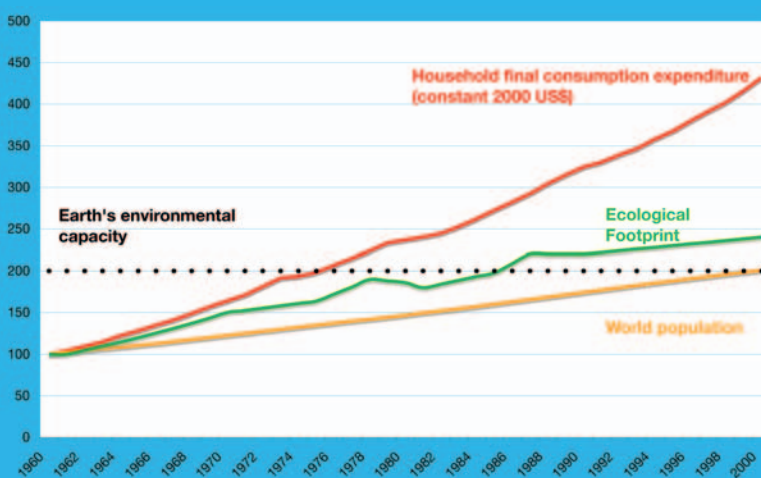
Our two planets lifestyles

Though this trend has contributed in many ways to human development, it is fundamentally unsustainable from an environmental viewpoint. Even though numerous technological improvements, and the shift towards more services, have allowed a decoupling of our environmental impact from the growth in consumption, it has still grown faster than world population (♣ fig. 1). The WWF estimates that three times the Earth's resources would be needed if all human beings were to consume as does the average European, and up to five times were North-American lifestyles³ to become the standard. On average, the human ecological footprint⁴ (i.e. the resources we take and the waste and emissions we make) has overcome the Earth's capacity to produce resources and absorb our waste since the middle of the 80's (♣ fig. 1). What is obvious for fossil energy is also true for other resources: we are currently overconsuming a limited stock.

Beyond environmental considerations, this radical change in consumption patterns has and will also affect other aspects of our quality of life:

- Obesity, which has already affected more than 30% of the US population is growing at a triple digit rate every ten years in many countries⁵.
- As a consequence, but not only, food-related cancers which account for 30% of all cancers in industrialized countries and 20% in the developing world are rising rapidly⁶.
- Finally the reorganization and globalization of supply chains have disconnected consumers from labor force, creating various social and economic side effects both in developed and developing countries.

Fig. 1: Evolution of population, household consumption and ecological footprint, World (1960-2000)



Sources: United Nations, WWF.

1 The state of consumption today by Gary Gardner, Erik Assadourian and Radhika Sarinin in State of the World 2004 – Worldwatch Institute

2 Sustainable Consumption, A global Status Report – UNEP (2002)
 3 Living Planet Report – WWF (2004)
 4 A country's footprint is the total area required to produce the food and fibre that it consumes, absorb the waste from its energy consumption, and provide space for its infrastructure. (Source: WWF)
 5 Source: Feed the World without starving the Planet - UNEP (2003)
 6 Source: ADS #25 (1998)

Consuming less or differently

Considering projected trends in developing countries, we need to achieve what the OECD calls “absolute decoupling”⁷, so as to allow a decrease of our overall environmental impact in spite of global increases in population and consumption per capita. Two diverging visions conflict as to how to achieve this:

- On the one hand, technology enthusiasts along with a majority of companies expect solutions to emerge from ongoing progress in eco-efficiency and new technological breakthroughs such as cleaner production schemes, energy-efficient appliances, recyclable or biodegradable goods, etc.
- On the other hand, some environmentalists consider that a fundamental shift in consumption patterns and consumer culture is needed in order to cut material consumption. Water and energy savings, adoption of low ecological footprint diets⁸, a shift to non-motorized and public transportation and voluntary reduction of luxury items’ consumption are but a few new consumer behaviors called for by such a shift.

“Recent history suggests that those living in wealthier countries do not intend to consume and waste less. Given that the other 80% of the planet’s people seek to emulate those consumption habits, the only hope for sustainability is to change forms of consumption. To do so, we must innovate.” WBCSD⁹

Unfortunately, numerous obstacles remain on both paths:

- Technological progress in the field of environment continues to be hindered by a number of factors such as the lack of fiscal incentives to compensate extra-costs associated with new environmental technologies, time lags in implementation, and the rebound effect (i.e. an increase in consumption which occurs as a side-effect of the introduction of a more eco-efficient technology¹⁰, see fig. 3).
- Mainstreaming of eco-friendly consumption patterns continues to be limited by consumer focus on traditional factors such as convenience, status and price, along with the difficulties to implement politically acceptable restrictions on demand such as quotas or eco-taxes.

For all these reasons, current projections do not forecast such a decoupling at global level. To the contrary, energy consumption, carbon emissions, waste production and water resources’ shortages are expected to rise over the next decades.

7 Indicators to Measure Decoupling of Environmental Pressure from Economic Growth – OECD

8 For instance, producing a calorie of meat requires seven times as much land surface as a calorie of vegetable

9 World Business Council for Sustainable Development quoted in Sustainable Consumption, A global Status Report – UNEP (2002)

10 For instance, the use of energy efficient light bulbs with potential energy savings of 75% may actually generate only 45% since consumers tend to use them more

Fig. 2: The Consumption Equation

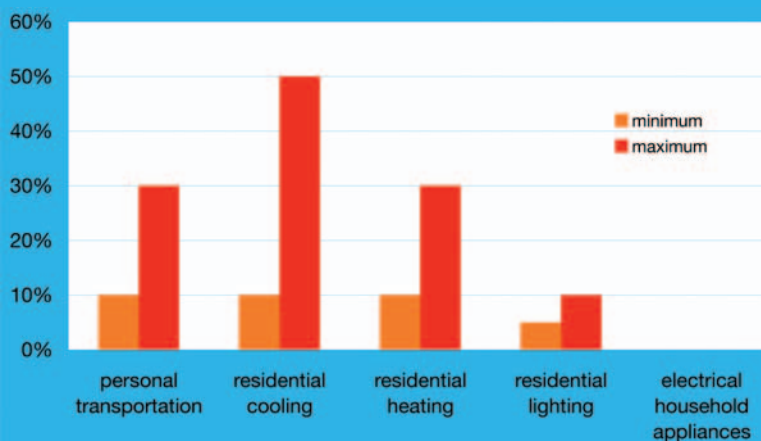
The relationship between population, consumption and environmental impact can be described in approximate terms by an equation established by Ehrlich and Holdren in 1971:

$$\text{Footprint} = \text{Population} \times \text{Consumption per head} \times \text{Efficiency}^{-1}$$

Where  is total environmental impact and  is population.  represents average units of products’ and services’ consumption per head of population and  is the environmental efficiency of production, use and disposal of those units. This equation makes clear the importance of considering both the levels of consumption of goods and services (per head) and the associated resource and waste-intensity of these products. The term “patterns of consumption” is intended to comprise both these variables. Rebound effects arise from a relationship between  and , where improvements in  generate increased consumption per head.

Source: Sustainable Consumption, A global Status Report – UNEP (2002)

Fig. 3: Rebound effect in various areas, USA



Source: Utopies-UNEP/L.A. Greening et al. “Energy efficiency and consumption: the rebound effect – a survey” Energy Policy 28 (2000)

Whichever path considered, a subtle mix of public policies, financial incentives, awareness raising programs and marketing approaches will be needed to alter consumer attitudes in order to consume less or differently.

Can marketing be part of the solution?

Overview of this section

- Product categories with a strong potential for environmental and social improvement happen to be some of the most heavily advertised ones.
- Consumers declare lack of information to be one of the main barriers to sustainable consumption.
- Hence, fostering sustainable consumption through marketing can be a key part of the solution to today's environmental and social dilemmas.
- To foster sustainable consumption, various marketing approaches are possible.
- Avoiding irresponsible marketing is the most obvious lever.
- Green marketing aims at introducing products with environmental and/or social value added on the market.
- Social marketing helps foster sustainable behaviors.

Sustainable consumption

Sustainable consumption is defined as “The use of services and related products which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials as well as the emissions of waste and pollutants over the lifecycle so as not to jeopardize the needs of future generations”¹¹. At consumer level, this general concept translates into green and ethical purchases, as well as responsible consumption which also apply the amount consumed and the way the product is used and disposed of.

A detailed picture of what sustainable consumption can be is presented in UNEP/UNESCO youthXchange toolkit¹².

“Sustainable production, sustainable service and product design, sustainable procurement, green marketing... these programs are all good for the environment, but they are also good for the economy (saving costs, developing domestic markets, seizing export opportunities) and they are also good for social progress (helping to spread good labor conditions, helping to create decent jobs).” Monique Barbut, Director, UNEP DTIE

The potential role of marketing

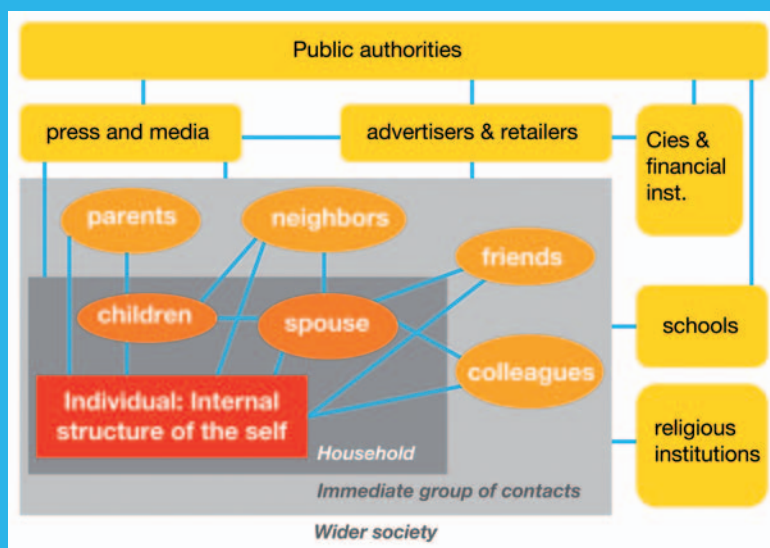
Consumer behavior is the result of a complex mix of factors spanning from public policies to cultural identity, media coverage of sustainability issues and... corporate marketing (♦ fig. 4). Understanding and assessing the impact of marketing efforts on consumer behavior can be a tricky exercise, as they act on a wide variety of variables ranging from the features of the marketed product, to pricing policy, retail strategy, credit offers, etc. In this context, related advertising expenditure is often referred to gauge the scope and intensity of a campaign, though it may be considered as the tip of the iceberg.

When considering this indicator, it appears that some of the most heavily advertised products in the UK are also some of the most resource-intensive ones, i.e food, personal transportation and to a lesser extent household goods (♦ fig. 5). Interestingly enough, according to WWF and based on Bedzed experience¹³, these same spending categories also present significant margins for progress on environmental impact. Moreover, among less advertised spending categories, energy, water and construction account for a significant part of both the households expenditure and their environmental footprint. In these categories, significant potential exists to reduce consumption and environmental impacts through green purchases (by a factor 2) or responsible behavior (by a factor 4) as shown in fig. 6.

“Despite contributions to sustainable development, advertising’s role and effects have been questioned. Advertising has been blamed for spreading Western lifestyles around the world and for promoting excessive consumption in developed countries.” Procter & Gamble 2003 sustainability report

This conclusion is also true for social impacts such as human rights: products selected in the British Ethical Purchasing Index on the grounds of clear ethical choice made available to consumers are also heavily advertised ones such as food, banking, household goods and personal items (♦ page 14). Considering these facts, and assuming that companies invest in advertising on pro-

Fig. 4: Structure and networks influencing consumption patterns



Source: ADE

11 UN CSD International Work Programme (1995)

12 youthXchange, UNEP/UNESCO (2002)

13 Beddington Zero Energy Development, mix of houses and work space aiming at environmentally sound lifestyles in the UK

duct categories for which consumer behavior is malleable, it appears that advertising and marketing could be significant levers to achieve reduction of negative environmental and social impacts on a global scale.

“It is becoming more and more evident that consumers are increasingly interested in the world that lies behind the product they buy. Apart from price and quality, they want to know how, where and by whom the product has been produced. This increasing awareness about environmental and social issues is a sign of hope. Governments and industry must build on that.” Klaus Töpfer, UNEP Executive Director.

Furthermore, lack of information seems to be one of the main obstacles preventing consumers from adopting ethical purchasing attitudes: 74% of British consumers say they would make purchasing decisions based on a company’s ethical, social and environmental behavior were the information made available to them¹⁴, while 39% of French consumers state lack of information as the main reason for not buying fairtrade products¹⁵. These figures suggest that a great potential for fostering sustainable consumption through advertising and marketing lies in increased focus on the informational value of communications. Moreover, research shows that other barriers to sustainable consumption (fig. 7), such as perception of price and functionality could, to a certain extent, be lifted thanks to other marketing levers than communication and advertising (page 45).

Sustainable Lifestyles Marketing

Various marketing approaches have been developed with this aim in mind, along with a long list of concepts and names to define them. However, none of these specifically cover the subject matter of this report, i.e corporate marketing campaigns and strategies which aim at fostering sustainable consumption. Hence, we devised the term “sustainable lifestyles marketing” (page 10), which covers three aspects:

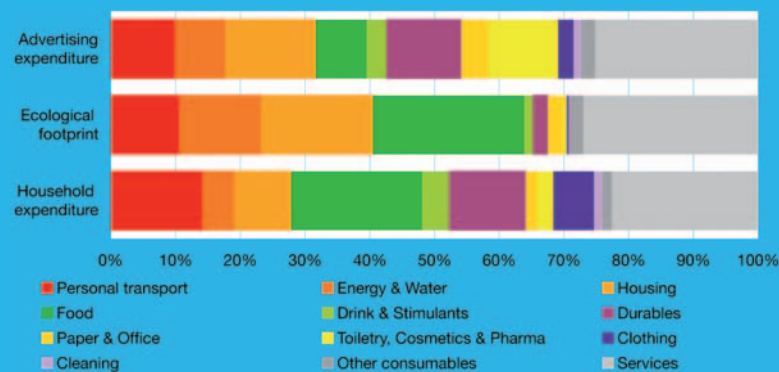
- Responsible marketing, which describes procedures and management systems developed to avoid promoting unsustainable behaviors. In this field, the most exposed industries, namely tobacco, alcoholic beverages and gambling, clearly lead the way¹⁶. To implement industry charters and their own corporate policies, companies such as Diageo, Allied Domecq, Pernod Ricard or Remy Cointreau have developed internal pre-clearance or audit systems. Some of them, such as British American Tobacco (BAT) have even begun to publicly report on progress. Following this track, companies targeted by emerging regulation and litigation on obesity or deceptive health claims such

14 MORI (2003)

15 AlterEco (2000)

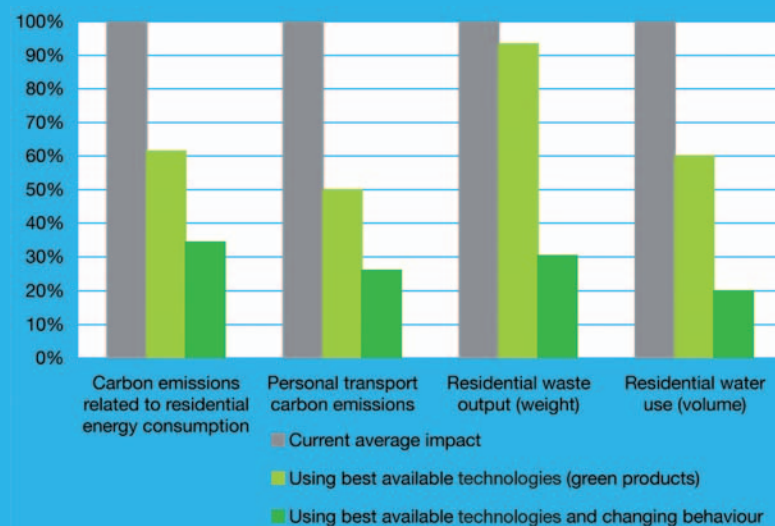
16 Preparatory report of the Responsible Advertising and Communication Initiative – Utopies (2004)

Fig. 5: Breakdown of advertising expenditure, household ecological footprint and household expenditure by spending category, UK



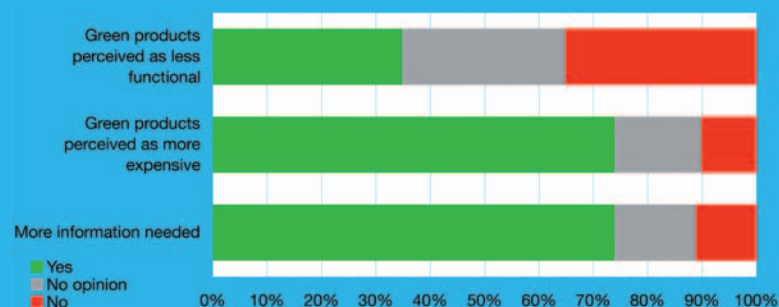
Sources: Advertising Association UK/Taking Stock Project, Managing Our Impact/UK National Statistics

Fig. 6: Margin for progress on selected spending categories, UK



Source: UNEP/Utopies based on Stepping Forward Project and various

Fig. 7: Consumers’ perception of barriers to sustainable consumption, UK



Source: MORI (2003, 2004)

Fig. 8: What is Sustainable Lifestyles Marketing?



Green marketing, social marketing and responsible marketing already exist in business literature and corporate vocabulary. Each of these concepts embraces both social and environmental aspects. We devised the concept of **sustainable lifestyles marketing** for the purpose of this report. It refers to corporate marketing strategies and campaigns which aim at fostering sustainable consumption.

Fig. 9: Behavior change tools used in social marketing campaigns

Tool	Examples
Commitments	<ul style="list-style-type: none"> • Ask people if they will be ready to do something • Publish names of committed individuals
Prompts	<ul style="list-style-type: none"> • Stickers, on pack messages, etc.
Social norms	<ul style="list-style-type: none"> • Use models • Communicate on the percentage of committed consumers
Feedback	<ul style="list-style-type: none"> • Inform people on the impact of the campaign
Incentives	<ul style="list-style-type: none"> • Deposit on products, charge for use of plastic bags, smart pricing systems, carpool lines
External barriers removal	<ul style="list-style-type: none"> • Lobbying for eco-taxes, subsidies, etc.

Source: Fostering Sustainable Behavior – D.McKenzie-Mohr & W.Smith (1999)

as Danone, Kraft Foods or McDonald’s now implement similar procedures. This trend seems however limited to sectors exposed to legal liabilities, where customer health is at stake (page 12). Risk management systems being beyond the scope of this report, we did not further develop case studies on this topic. However we provide a short list of studies in the resources section (page 48).

- Green marketing originally consists of the design and promotion of goods and services with an environmental value added. This refers to improvements over the entire life-cycle of a product, including environmentally-friendly sourcing, clean production process, improved impact during use, reduced packaging, recyclability, reusability, existence of take-back schemes, etc. Often, products having undergone environmental improvements at any of these stages are marketed as green, therefore such goods exist in almost every sector: food, paper, textiles, cars, tires, gasoline, houseware, cosmetics, investment products, etc; though rationales to back green claims are not always publicly available (page 15). This definition can be broadened to goods and services with a social value added such as fairtrade, sweatshop-free or locally produced goods. Page 18, we explore the approach of companies who build their entire business strategy on green marketing. Page 24, we study how mainstream players have launched green marketing campaigns in the retail and automotive sectors.
- The term “social marketing” is used by experts¹⁷ to name programs and campaigns which aim at raising public awareness in order to introduce more sustainable behaviors such as energy or water conservation, waste reduction, car use reduction, cool driving, etc. While hundreds of government bodies and local authorities run social marketing programs across the world, only a limited number of companies, operating in specific industries, have invested in such campaigns. We explore them page 36. Campaigns designed by government authorities are beyond the scope of this report. We have however listed relevant books and studies in the resources section, including “Communicating Sustainability” produced by UNEP and Futerra in 2005.

¹⁷ See for instance D. McKenzie-Mohr and W. Smith in the Resources section

Is there a business case?

Overview of this section

- Consumers say they are ready to purchase on ethical grounds.
- Legal liability risks related to customer health issues are rising.
- Sustainable lifestyles marketing helps improve reputation and brand value.
- Promoting green products requires less marketing expenses than for traditional products.

Reach new consumers

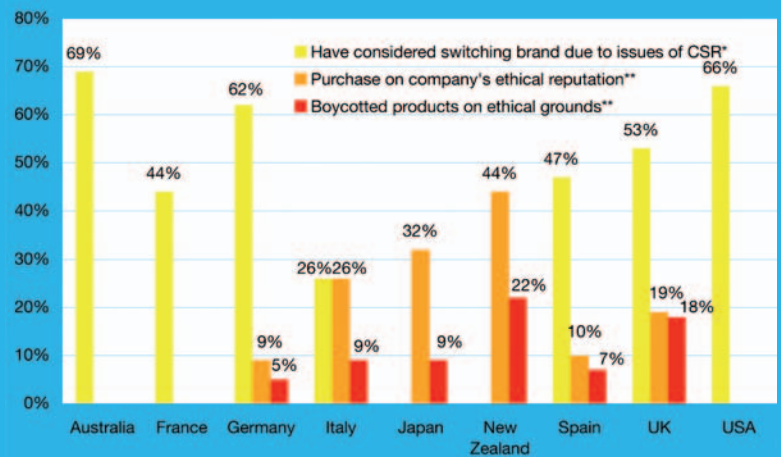
As shown in fig. 10, surveys identify from 5 to 70% of consumers ready to purchase on ethical grounds. This huge discrepancy becomes clearer with more detailed results. Roper's segmentation of American consumers backs to 1990. It includes five categories:

- True blues, staunch environmentalists willing to act on their beliefs and pay more for green products.
- Greenbacks, who are deeply concerned by environmental issues and willing to pay more for eco-friendly products, but insufficiently motivated to act if too much effort is involved. These two categories consist mostly of educated upscale individuals.
- Sprouts, who feel concerned and are willing to engage in environmental efforts occasionally when little effort is involved. However, though they have higher median incomes than average, similar to those of greenbacks and true blue greens, they refuse to pay more for greener products. They constitute a "swing group" that could potentially evolve into greenbacks or true blue greens were they given more information on environmental issues.
- Grouzers, who are not inclined to act for the environment, however they do not feel indifferent to the environment, but rather feel they have no real power over environmental changes and that it is not their responsibility. Their age and income profile is similar to national averages.
- Basic browns, generally indifferent to environmental causes or sometimes even opposed to them.

Other classifications such as the LOHAS¹⁸ and MORI's¹⁹ are not directly comparable, but they have similar scales. LOHAS shows higher levels of participation: this can be explained by the fact that it takes into account dimensions beyond the scope of sustainability such as health and personal development. LOHAS consumers are also called "Cultural Creatives". The MORI scale only requires five actions for a consumer to qualify as a conscious consumer, which explains why this category is slightly overestimated compared to the Roper scale. Whatever the source, these results show that there is a strong niche market for green products in many countries, and room to introduce environmental features as focus/differentiating factor in traditional products.

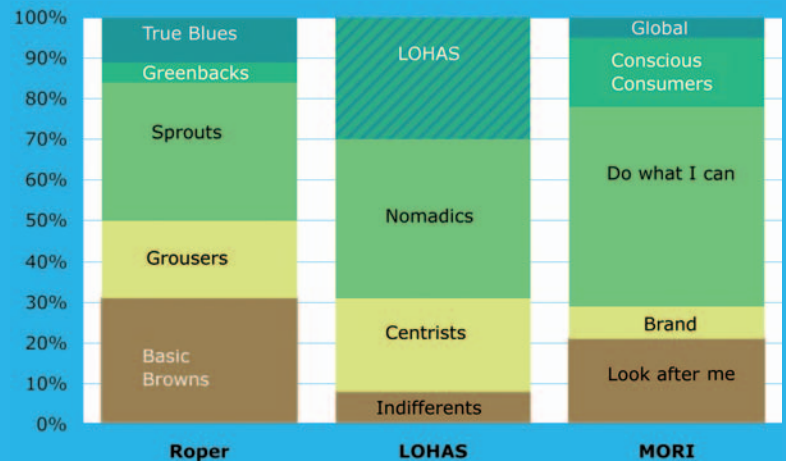
In 2000, a global survey²⁰ on 5,300 young adults (18-25) showed that eco-friendliness was considered by 40% of respondents as a key purchasing factor (compared to 78% for quality, 71% for price and 48% for trendiness). Moreover, 60% considered that they consume too much versus 44% who declared that having more would make them happier.

Fig. 10: According to surveys, consumers are ready to buy ethical



*SWR (2002), **Mori/Vodafone (2004)

Fig. 11: Classification of consumers behaviors on ethical purchasing

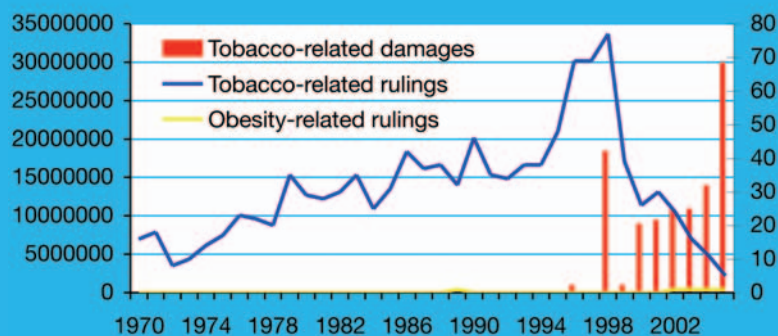


18 Lifestyles of Health & Sustainability, USA (2003)

19 UK (2002)

20 Is the Future Yours? UNEP/UNESCO (2000)

Fig. 12: Claims and litigation on tobacco and obesity, USA



Sources: Louisiana State University, Tobacco.org, US States' Offices of the Attorney General

Fig. 13: Potential focus of litigation related to food marketing practices

Theory	Notes
Failure to warn	Company failed to disclose that product is associated with various diseases
Breach of warranty	Product is not as healthy as purported
Misrepresentation	Company's health claims about the product are not valid
Negligent/reckless marketing or distribution	Company marketed product without stating health risks; questionable marketing to children
Advertising liability	Advertising misled consumers (especially children)
Government subrogation	As in tobacco settlement with US states – a fast-food 'sin tax'

Source: SustainAbility/Insurance Information Institute

As presented page 15 (fig. 15), sales statistics support to a certain extent this analysis of attitudes, with a 1 to 4% market share growing at a double digit rate for ethical products (fairtrade, organics food or hybrids) and the opportunity to go mainstream within some product categories, where consumer value associated with green is high and price, convenience or status barriers are minimum.

Prevent Liabilities

For years, many industries have been under fire from NGOs, policy makers, consumers and activist lawyers for their controversial marketing practices and the related impacts on people's health and the environment. Major legal liability occurs when :

- A connexion is established between the irresponsible marketing practices (creating addiction for instance) of a few companies.
- A huge tort is supported by consumers (health costs in most cases).
- The court or the regulator decides to shift the burden suddenly.

So far this has been the case for cancers and tobacco, health problems linked to alcoholic beverages, and some experts forecast that junk food and obesity to be next in line²¹. Proving this connexion may take years – 25 in the case of tobacco (fig. 12) – but once it is done, the cost can be enormous.

“In the 1960s, companies could have known the negative health effects of smoking tobacco, yet they did not improve their products nor did they sufficiently warn their consumers. Governments could have been aware, too, but also failed to take drastic action. Consumers [...] might also want to ask whether governments and business had sufficient knowledge in the 1980s or 1990s, why consumers were not better informed, and whether – technologically speaking – no better products and infrastructure were available, that is, products and infrastructure less polluting and less depleting of the natural resource base.” Bas de Leeuw , UNEP DTIE

The first risk for companies is lawsuits, and especially class actions which have boomed since the beginning of the 90's in the US and are now developing in many European countries²². The impact being retroactive, this form of liability represents a strong driver for voluntary practices, including the establishment of responsible marketing systems, the development of social marketing campaigns to raise consumers awareness on product risks²³, and the introduction of “greener” products lines to show good willingness and balance the risk exposure of the product portfolio. In addition to direct tort cost, increases in premiums for insurance against liabilities and potential exclusions further entice companies to revisit their practices. In the past few years, the food industry has been a good showcase of such a reaction.

“We believe food manufacturers face the risk of increased regulation, notably in Europe, in labelling, advertising and distribution, some of their key growth levers. (...) The food industry will have to review its practices and transform itself, in our views, regardless of potential regulation and litigation.” JP Morgan (2003)

The second risk – new regulations – is not retroactive but may have tremendous impacts on companies' sales. Following scientific alerts and consumer associations' awareness campaigns on obesity, projects regarding labeling, advertising and distribution have been popping-up in North America and Europe, as was the case a few years back with tobacco and alcohol. To prevent this risk, companies tend to propose voluntary codes of

21 Absolute risk of obesity – Global Equity Research UBS Warburg (2002) ; Obesity: the big issue – JP Morgan (2003)
See also court cases against McDonald's, Burger King and KFC in 2002 in New York, cases against Kraft Foods in 2003 in California

22 The Changing Landscape of Liability – SustainAbility (2005)

23 For instance, in some countries McDonald's has started to advise its customers to eat in its restaurants not more than once a week, through advertising.

conduct or agreements regarding marketing practices, which usually focus on the avoidance of irresponsible practices – tobacco, alcohol or food²⁴ – but may also include social marketing campaigns. The 1998 agreement between the laundry detergent industry and the European Commission, which aimed at reducing the environmental impact of laundry, included for instance an awareness-raising campaign (▶ page 42). Similarly, car manufacturers agreed with the EC to reduce the average CO₂ emission of vehicles sold in 2008, which will oblige them, not only to market more efficient vehicles but also to actually sell them.

Whether companies face legal liabilities or not, irresponsible marketing practices may clearly lead to “moral liability”. According to a recent survey²⁵, with 40% of Americans considering it as very important, responsible marketing and advertising is the 4th top criteria when evaluating corporate responsibility, just after product safety and reliability (50%). The most famous case is probably Nestlé, which has faced several boycott campaigns since 1971 for alleged irresponsible marketing practices on breast milk substitutes in developing countries. Even if legal cases against McDonald’s have been defeated so far, the company suffered significant reputational damage, its brand being spotlighted as the symbol of junk food in the media. McDonald’s posted the first quarterly loss of its history in December 2002, alongside other fast food companies who have also suffered a drop in sales. Though there is no evidence so far, some observers connect this with the rise of obesity concerns. Finally, the automotive industry, especially Ford and General Motor Corporation (GMC), have been highly criticized by environmental NGOs and the press for promoting gas-guzzling sport utility vehicles (SUVs) in the US and the United Kingdom (UK).

Boost brand value and reputation

If the overall corporate social responsibility (CSR) performance of a company may have a limited impact on its brand value²⁶, there is some evidence that a brand differentiation strategy based on green products and marketing could prove to be very effective for both pioneering small and medium size enterprises (SMEs) and large groups. No sustainable lifestyles marketing “pioneer” (as defined page 18) ranks among the global top 100 brands in 2005, since they remain relatively small players²⁷. However when calculated, the brand value of these pioneers exceed by far the standard of their sectors: for instance Natura’s brand value represent 113% of their sales²⁸ while this ratio is only 33% for L’Oréal.

“Poised to pass GMC globally, Toyota’s image gets a big boost from its growing stable of hybrids.” Interbrand

While the link is less direct for large groups – the green positioning being less affirmed and distinctive – some connexion seems to exist. Among the global top 10 brands, Interbrand sees a key connexion between green marketing and an exceptional performance, for two companies: Toyota (ranked 9th) with the Prius campaign, and GE (4th) with its eco-imagination program (which is partly corporate communication, partly green marketing).

Toyota’s example shows one thing: for companies willing to strengthen their brand image thanks to sustainability, it seems smarter to focus efforts on green products promotion, while showing evidence of internal alignment through a mix of non-financial reporting, public relations (PR) and awareness campaigns, rather than relying mostly on corporate communication and advertising like many companies do. It will help build consumers’ trust by:

- Materializing evidence of the company’s commitments through its products, and connecting them with consumers’ daily life.
- Making the business case transparent, avoiding suspicions of “greenwashing”.

Control marketing expenses

As far as pioneers are concerned, sustainable lifestyles marketing approaches are not only effective, they are also efficient (▶ page 19). Indeed, due to the lack of financial resources, most of them choose not to advertise in order to concentrate their resources on less expensive and more differentiating forms of communication.

Does it work the same way when sustainable lifestyles marketing goes mainstream? It is probably too soon to tell, and large groups remain relatively quiet on their green advertising expenditure. But they can, at least, benefit from external support:

- On some markets such as organics and fairtrade products, governments and NGOs run awareness campaigns, which indirectly promote labeled products (▶ page 42).
- The rising press coverage of sustainability issues and solutions²⁹ acts as a more than fertile ground for PR (▶ page 19).
- Finally and unexpectedly, some opinion leaders freely endorse some innovative products: with Juice (wind electricity) in 2001, Greenpeace directly endorsed a specific product for the first time – from the multinational group RWE. Since 2003, several Oscar nominees including Leonardo DiCaprio, Charlize Theron, Salma Hayek, and Morgan Freeman arrived at the red carpet with a Toyota Prius (▶ page 34).

24 Preparatory report of the Responsible Advertising and Communication Initiative - Utopies (2004)

25 Doing Well by Doing Good survey – GolinHarris/InsightExpress (2005)

26 The role of marketing at the Business/Consumer interface – MPG International (2005)

27 Analysis based on the 100 top brands, Business Week (July 2005)

28 As marcas mas valiosas do Brasil - Istoé Dinheiro/interbrand (2004)

29 Analysis per continent in Good News & Bad – Sustainability/Ketchum/UNEP (2002)

Where do we stand?

What is next?

Overview of this section

Sustainable lifestyles marketing has proved a potent stepping stone for both small and large corporations towards staggering success stories. Still market shares held by green products continue to linger between 1 and 4%, and going mainstream remains a challenge. However, our research suggests there is real potential for progress on sales, as well as significant indirect positive impacts associated with sustainable lifestyles marketing.

A promising niche market

Reviewing these cases, we found numerous success stories, including pioneering companies with double digit growth rates (♦ page 18) and booming market seg-

ments with triple digit annual increases (♦ fig. 15). The study also confirmed some of our assumptions:

- In industries such as food retail or cosmetics, large groups are building on the momentum created by committed companies and conquering green markets, through strategic acquisitions (♦ page 18) or development of their own product lines. Though this trend has sparked skepticism and criticism on behalf of pioneers and activists (♦ page 26), evidence suggests that the arrival of mainstream players on these markets does not infringe sales of alternative players (♦ page 26).
- Moreover, this takeoff also seems to occur in capital-intensive industries such as the automotive industry (♦ page 30) or to a lesser extent the energy retail sector, despite the absence of small pioneering companies to lead the way and prove the business case beforehand.
- Finally we found that there is indeed a business case for communication campaigns aimed at reducing consumption in specific sectors such as water or energy utilities (♦ the AGBAR case, page 40 and the VEOLIA Environnement case, page 39).

However, such optimistic views must be kept in perspective:

- In spite of notable exceptions (♦ fig. 15), in most product categories and countries, “green products” market shares seldom exceed 4%.
- Without scale economies, mainstream groups do not make enough profit from green products to justify large scale investments, hence creating a chicken and egg problem (♦ page 33).
- Campaigns aimed at lessening volumes consumed are rare and seldom benefit from robust follow-up to measure their actual impacts on behavior patterns (♦ page 38).
- A company’s pro-activeness on a given campaign or product does not systematically go hand in hand with alignment of its other marketing practices.

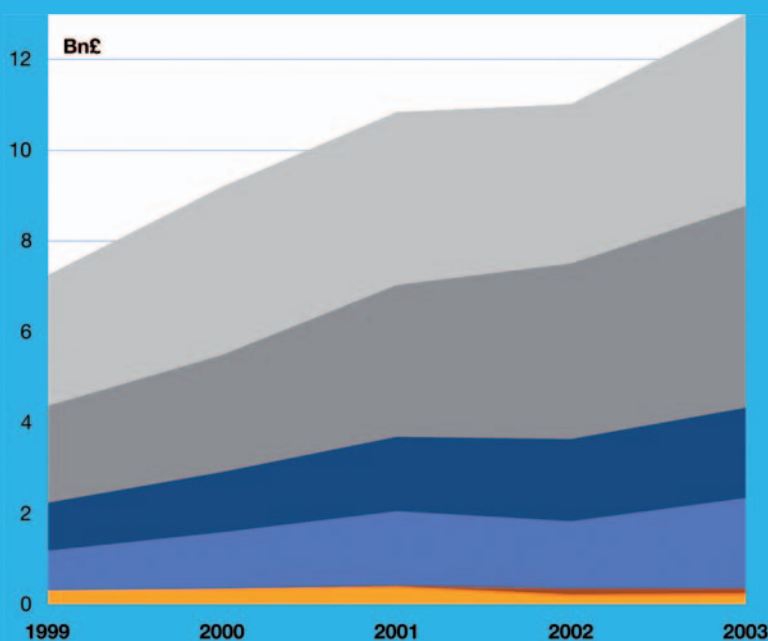
Going mainstream remains a challenge

Indeed, many barriers still prevent green products from reaching other consumers than “true blues” (♦ page 11) or early adopters of new technologies.

Almost all surveys show that quality, convenience, status and price remain the primary purchasing criteria for most consumers including environmentally conscious ones (♦ page 9 and 31). This is especially true for durable goods such as cars. In this context, skepticism is clearly one of the main legacy of the first generation of green products (electric cars, recycled papers, etc.) which did not meet basic expectations of consumers.

Where consumers are ready to pay more, a credibility gap still prevents them from taking action on their beliefs and buying green products. Indeed the boom in deceptive self-declared green claims and homemade labels (♦ fig.17) since the 90’s has created a kind of

Fig. 14: Value of the ethical purchases in the UK



Selected spending categories

- Ethical Investment
- Ethical Banking
- Food (incl. fairtrade & organics)
- Green Household Goods
- Responsible Tourism
- Green Transport Spend
- Green Housing Spend
- Personal Items

Details

Between 1999 and 2003, the UK ethical purchases increased by 40%, while the households purchases only increased by 14% over the same period. In some categories, ethical products compete side by side with non-ethical ones with for instance 50% for energy efficient home appliances. However the overall market share of ethical products still sticks to less than 2%. The index does no include corporate purchases, car purchases, the impact of boycotts (£ 3.2 bn) and on-going progress of “standard goods”.

Sources: Ethical Consumerism Research Report (2001, 2002, 2004) – NEF & Forum for the Future for The Cooperative Bank

“trust liability”. Research suggests that even if the most blatant forms of misleading claims have been cut down, the current retail store environment is far from being supportive of responsible consumption.

The path to the Holy Grail

Given the huge gap 40/4 between consumer attitudes (40% say they are willing to buy green products: see opinion surveys page 11) and their actual purchasing behaviors (only 4% actually buy green products), the key to overcoming barriers to sustainable consumption while making a profit definitely constitutes the Holy Grail for marketers, with potential for delivering double digit growth for years to come. While we do not have the Da Vinci Code, some elements on the path to the Grail may be:

Step #1: Strengthen credibility

Surveys identify 5-10% of committed consumers, ready to purchase on ethical grounds. In this context, the current rise in fairtrade products sales or ethical banking may be the first step towards a “walked talk”, driven by a greater availability of products, more information and the development of credible assurance systems (labels, ratings). The next steps in this field will be the clarification of labeling standards through voluntary initiatives and regulation and the development of information technologies (IT) and e-commerce which may help to connect corporate social and environmental reporting with product information. Indeed, some green coffee products have traceability tags which allow consumers to track back their coffee through the brand’s website. Similarly some car manufacturers such as [Renault](#) provide car stewardship profiles on their online sustainability report. In the near future, the RFID³⁰ which may replace the bar code will allow consumers to visualize a customized sustainability product profile on their handheld device (cell phone for instance) and compare it through the internet, thus overcoming the inherent limitation of packaging in providing the product-level equivalent of corporate “triple bottom line reporting”.

“Marketing for environmental protection does not necessarily mean marketing with environmental items“. Volkswagen

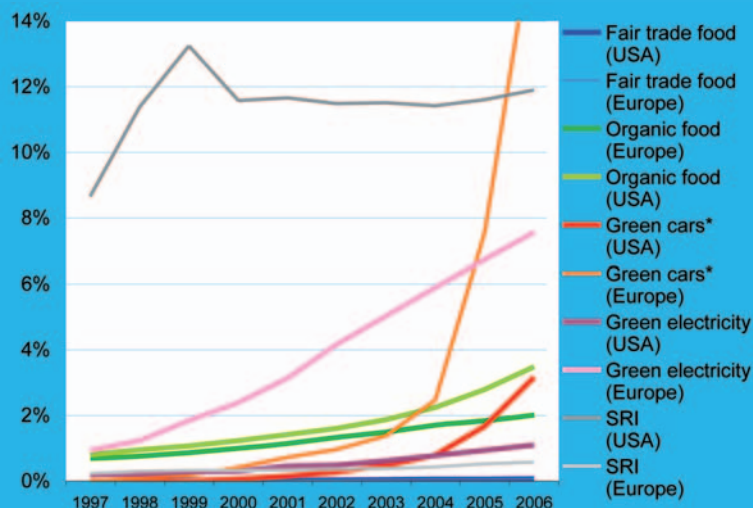
Step #2: Enter through the back door

To go further and reach the 30-50% swing group of consumers, marketers will have to “enter through the back door” by associating green selling points with traditional primary purchasing criteria, such as:

- The overall economic benefit, which can be positive for some products in spite of significant price premiums (fig.16 and page 33), thanks to energy savings (cars or appliances). In the coming years, carbon credits

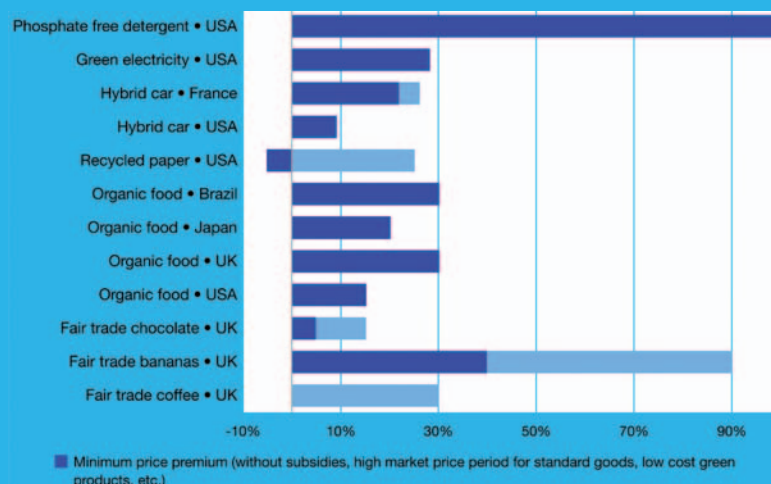
30 Radio Frequency Identification. Some retailers start to use radio waves to scan products carrying microchips with various information.

Fig. 15: Market share of selected green products, estimates and forecasts



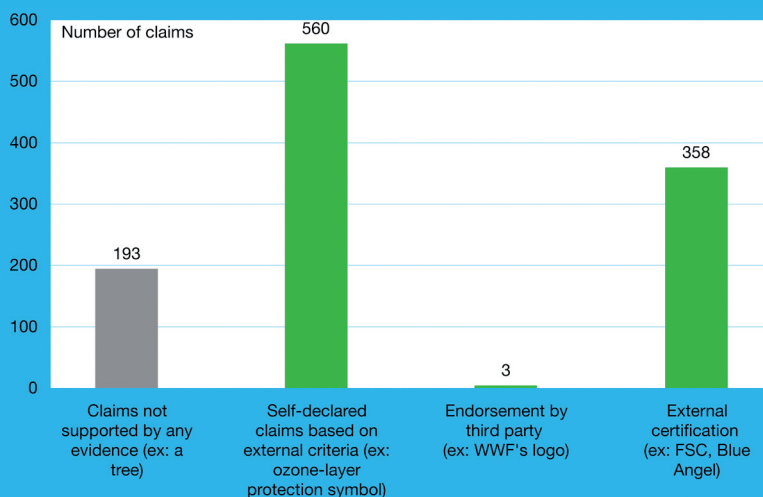
Sources: OTA, FTF, IFTA, EISFOM, EFTA, University of Michigan, Observer
 NB: Green cars include hybrids and advanced diesels. Green electricity excludes hydro power. SRI stands for Socially Responsible Investments and only includes households'

Fig. 16: Price premium on selected green products



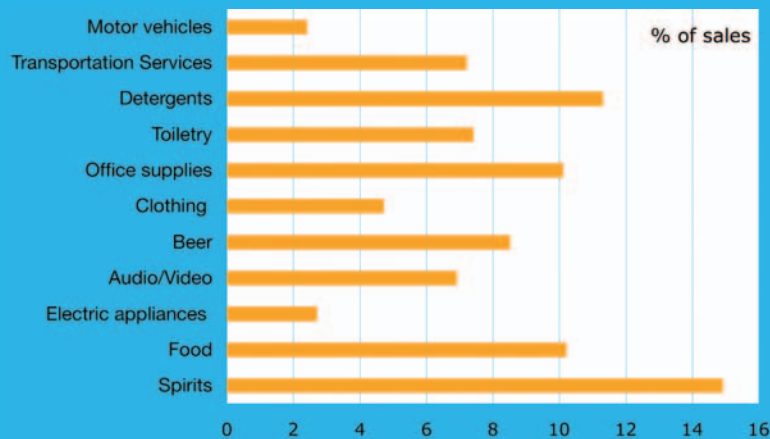
Sources: USDA, University of Hohenheim, Fairtrade fondation, US Dep. of Energy, Paperpects

Fig. 17: Type of green claims found on selected products in 10 countries (1999)



Source: Utopies based on Green claims, Consumers International (1999)

Fig. 18: Advertising expenditure to sales ratio for selected goods



Source: Schonfeld & Associates (2003)

Fig. 19: Evolving role of green products and sustainable lifestyles marketing in mainstream companies' strategy

	Limited role	Reactive role	Proactive role
Inspiration	Copy pioneers	Acquire pioneers	Be pioneer
Target	Opinion leaders	Niche market	Mass market
Attribute to brands	None	Differentiating	Entrystake
Claims backed by	No evidence	Green labels	Green labels + product reporting
Connexion with lobbying	Supports defensive lobbying	Disconnected	Supported by positive lobbying
Other marketing practices	Opposed/ Disconnected	Compliance driven	Aligned with sustainability goals

Source: Utopies (2005)

may reinforce this gap between immediate price and the overall cost, thus opening the door to smart credit tools. In parallel, scale economies will probably reduce price premiums as it happened in organic food and hybrid cars during the past decade.

- Social status, which American Apparel (page 22) or Toyota (page 34) rely on to sell their green products, as they have worked to make them “cool” and appealing to consumers. Further opportunities may arise in categories where few hype & green products exist, in which status considerations rank high in purchasing criteria, such as clothing, cell phones or luxury cars.
- Environmental safety that may be strengthened as an entry stake attribute for “sleepwalking consumption” items (such as food, personal care, home care products), due to the developments of food-related health crisis or the multiplication of reports on chemical-related risks. Stonyfield Farm or Ben & Jerry’s who used the fact that their products were “growth hormone-free” as a key selling point are good examples of successful marketing responses to these fears (page 20).

The adspends-to-sales ratio (fig. 18) is probably a good indicator for product categories where “uncon-

scious” factors such as status or habits play a key role in the purchasing decision.

“65% of firms report that legislative pressure is the main incentive to launch green products.” MPG International

Step #3: Develop responsible marketing

Finally, the mainstreaming of green marketing may also be increasingly driven by risk management:

- Following the path of recent agreements based on the overall impact of products sales in a given market (page 30) or the development of the Extended Producer Responsibility in automotive and electronic industries, regulators may make green marketing mandatory in new sectors.
- In parallel, irresponsible marketing-related class action lawsuits may target new industries, such as cell-phones or personal care products, if recent concerns over health risks are to be confirmed.
- Regarding reputation crisis, considering the case of anti-Sport Utility Vehicles campaigns (page 13), one can well imagine similar campaigns against IT companies for enticing consumers to consider electronic devices as disposable products, in order to remain technologically “upgraded”.

Confronted with these new risks, companies, which used to react by adopting defensive lobbying positions, hired lawyers and tried to “greenwash” their image, may be more and more inclined to shift paradigm and adopt responsible marketing and positive lobbying approaches to turn sustainability performance into a competitive advantage (fig. 19).

The green Trojan horse

At the end of the day, the success of green products and behaviors is only one piece in the puzzle of sustainable consumption. The other pieces include:

- The continuous improvement of “brown” products to respond to stricter regulations or reputation stakes.
- The success of “unlabeled” green products such as energy efficient electronic devices, dematerialized internet services, micro-cars or direct injection engines.
- The impact of some “unlabeled” consumption trends, such as the growing demand for luxury apparel (usually sweatshop free for quality reason).

All of them have of course their unsustainable counterparts such as the boom of low cost air transport.

As exemplified by organic and fairtrade products (page 24) or first hybrid vehicles (page 30), the ultimate role of green products in shaping sustainable consumption patterns probably consist in changing consumers’ attitudes, building confidence in new solutions or technologies and acting as a Trojan horse in mainstream groups’ marketing approach, to finally contribute to level the playing field (pages 21 and 32), without necessarily going mainstream themselves.



II – How companies do it

Case studies from pioneers and mainstream companies

What are the lessons from the pioneers?

Overview of this section

In this section, we studied SMEs which have built their success and brand strategy on CSR and sustainable lifestyles marketing. We tried to understand the profile of pioneering companies, the specificities of their marketing approach and, finally, to what extent they have led their markets to evolve.

Who are these companies?

Turning commitment into emotional value

Most companies considered today as “pioneers of green marketing” have historical backgrounds that are closely linked to the entrepreneurial and irreverent vision of their founders: Anita Roddick created The Body Shop with the aim to challenge the traditional practices of its industry, Gary Hirshberg initiated Stonyfield Farm to support a training centre on organic farming in New England, Dov Charney founded American Apparel in reaction to sweatshops and downsizing. Many of them have therefore focused their innovation and differentiation strategy on the main perceived social issues of their industries:

- Animal testing and self-esteem for the Body Shop.
- Protection of biodiversity for Natura.
- Organic cotton for Patagonia.
- Sweatshop free garments for American Apparel.
- Local, organic, healthy and growth-hormone free products for Stonyfield Farm.

The second common characteristic of these companies is the type of industry they operate in. Most of them have chosen to compete in sectors requiring little capital and where habits or “social status” attached to purchases

is high: the advertising-to-sales ratio in cosmetics, clothing or food ranges from 5 to 10%. (♦ page 16).

Fast growth and brand value

These two characteristics allowed these companies to rapidly gain market shares (♦ fig. 20), while limiting their investments (especially in advertising) by using their social commitment as a self-publicizing brand-differentiating factor. As a result, their brand value is often tremendously higher than those of their standard peers: in 1997, The Body Shop, which accounted for less than 0,5% of the global cosmetic market was the 28th most valuable brand in the world³¹. Similarly, in 2004, Natura’s brand value represents 113% of its annual sales versus only 33% for L’Oréal.

Beyond sales, growth and intangible assets, the success of these companies can be gauged by their attractiveness in the eyes of mainstream groups. Indeed, since the late 90’s, when corporate social responsibility started to become mainstream, many of them have been acquired on both a business growth and know-how transfer basis:

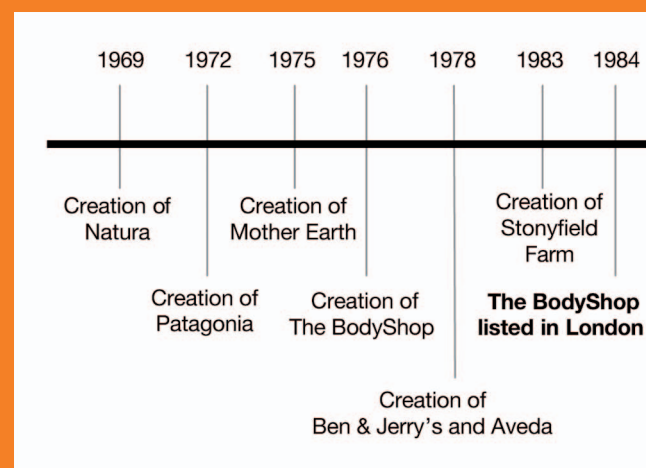
- When Unilever acquired Ben & Jerry’s in 2000, they announced that they saw the brand as a laboratory for innovative social and environmental practices that might be, over time.
- When taken over by Danone, Gary Hirshberg, CEO of Stonyfield Farm, said that he accepted the deal because he wanted to change Danone from the inside in order to have a greater leverage on the food market.

31 Source: Interbrand

Fig. 20: Profile of selected sustainable lifestyles marketing product pioneers

Company	Core market	Sales (2004, million US\$)	Market share (2001)	Growth (2000-2004)	Market growth (2000-2004)
Patagonia	Apparel, USA	230	N/A	19%	-12.09%
American apparel	Apparel, USA	150	0.02%	900%	-12.09%
The Body Shop	Cosmetics, World	1331	0.49%	10.7%	N/A
Natura	Cosmetics, Brazil	956	9.93%	36%	N/A
Stonyfield	Yogurts, USA	180.9	5.00%	109.1%	29.08%

Fig. 21: Timeline



What is their marketing approach?

Intuition-led positioning

In the first years, these companies made marketing decisions based on their founder's intuition and vision of the market rather than on market surveys. While tight budgets were obviously a driver for this, it was also a choice. According to some of the founders, it has been one of the keys to their success, allowing them to launch new groundbreaking trends in a period when most large groups were reorganizing themselves to become consumer-driven.

Guerrilla marketing

Once again driven by both cost constraints and the necessity to invent new marketing approaches to support their specific irreverent positioning, most of these companies used what marketing experts now call "guerrilla" marketing³². Guerrilla techniques include activist on-line, on-pack and in-store campaigns:

- against bovine growth hormone for [Ben & Jerry's](#) and [Stonyfield Farm](#).
- against [animal testing](#) and for [organic](#) and [fairtrade](#) products at The Body Shop.

While many of these campaigns spotlight the controversial practices of their competitors to highlight the comparative benefits of their products, some of them also deal with issues not directly related with their industry. For instance [Stonyfield Farm](#) and [The Body Shop](#) have both run campaigns to promote green electricity, while [Patagonia](#) ran a campaign for Arctic protection.

³² See for instance Guerrilla Marketing, Jay Conrad Levinson (1998)

These campaigns are in many cases coupled with cause-related marketing, either related to a specific product, or embedded in the business model: for instance Patagonia and Stonyfield Farm give 10% of their profits to NGOs, while some Ben & Jerry's stores – the partnerships – are run by rehabilitation NGOs.

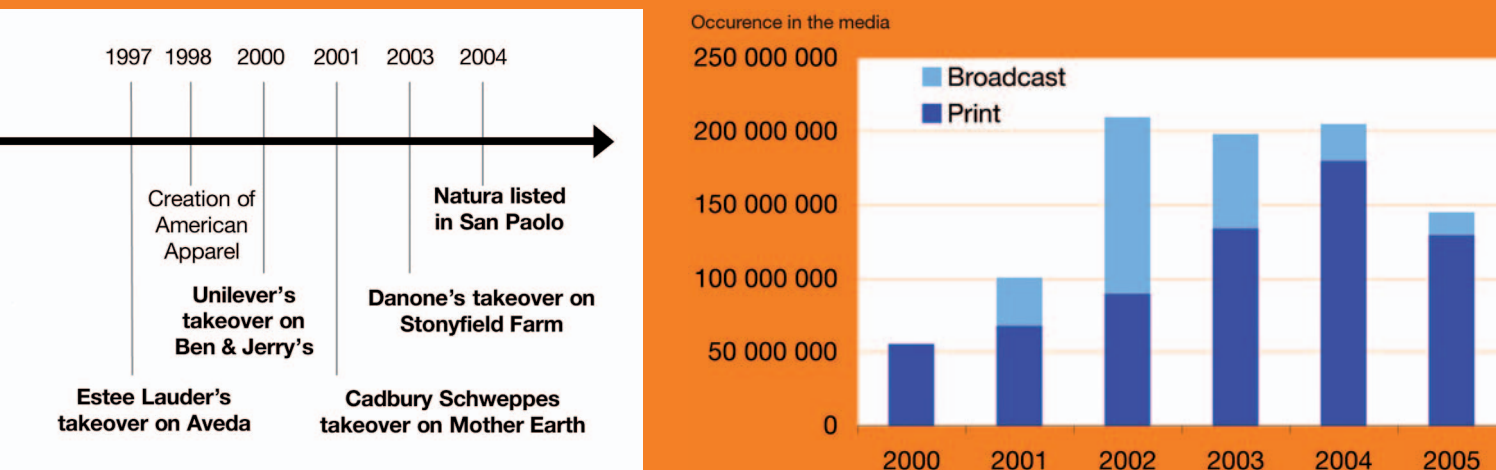
Besides, some companies reach youngsters through special events mixing fun and social responsibility such as the One World One Heart music festival or the "cow mobile" sampling truck for Ben & Jerry's. While most of these campaigns reach existing customers, they also generate significant external impact thanks to public relations (PR) generated (▶ fig. 22 and [Ben & Jerry's](#)).

Finally, stores constitute another cornerstone of the marketing approaches studied. While most companies have initially chosen to develop their own stores to avoid dependency from retailers, they also consider them as a genuine media, by making a lot of information available to customers through leaflets, posters and specific training programs for employees (Nature & Découvertes).

Strong relationship with NGOs

Either through charitable donations, cause-related marketing, joint-campaigns or joint-activities (such as Ben & Jerry's partnerships), these companies have developed strong relationships with NGOs. They include both large advocacy-oriented organizations such as Greenpeace, Friends of the Earth, Amnesty International (The Body Shop), WWF (Mother Earth) or Oxfam (Stonyfield Farm) and smaller grassroot organizations. However NGOs rarely endorse the products of these companies.

Fig. 22: Media coverage of Stonyfield Farm (2000-2005)



Moderate use of mass advertising

Due either to cost constraints, to the necessity to communicate a sophisticated positioning or to remain consistent with their activist approach, most pioneering companies have been reluctant to use “traditional” forms of mass media advertising.

“We were a company that did not advertise. In America, the spiritual home of advertising, we broke our own taboo and dipped a toe into advertising, but we were hopeless. We didn’t have the courage nor the history. Every time we tried it it was more pathetic than the time before.” Anita Roddick, Founder of The Body Shop

When trying to go mainstream and/or international, they however felt the need to rapidly reach new consumers. Three different approaches were used:

- When they were still independent, companies such as The Body Shop, Stonyfield Farm and Ben & Jerry’s did not use traditional advertising.
- [Patagonia](#) and Nature & Découvertes chose to advertise in the press, but with limited budgets, in alternative magazines and with campaigns focused on awareness raising for social causes and NGOs.
- Natura and American Apparel directly promote their products. To be able to spread educational messages, they preferably use printed ads. In addition [Natura](#) uses product placement in a popular soap opera. Overall their advertising budgets remain limited compared to standard practices (American Apparel’s advertising to sales ratio is for instance below 0.7% while Gap and H&M ratios reach 3 and 4%³³), and a significant part (20% for American Apparel, at least 15% for Natura) is dedicated to social and environmental messages.

What do they do beyond communication?

Focus on quality

In addition to social and environmental selling points, most companies studied stress high quality standards:

- Patagonia’s outdoor clothes have a lifetime guarantee.
- [Ben & Jerry’s](#) products are positioned on the super-premium high quality ice cream market (i.e. ice cream with low air content, more cream and more ingredients) and they contain no preservatives nor coloring or other artificial ingredients.
- The Co-Operative Bank, prior to its ethical commitment positioning, was acknowledged as one of the best bank in the UK for quality of service.
- Finally, Mother Earth, Natura and American Apparel all consider that sustainability comes after quality as a primary purchasing criteria for their products.

“So many environmentally-friendly products have compromised on product quality, dissuading the customer

33 Adbrands (2004)

from this market. It makes more sense to have the best quality product on the market while having the aftertaste of environmental/socially responsibility.” Roian Atwood, American Apparel Community Relation Coordinator

Accountability

To back their claims and positioning, at a time where labels and certification schemes did not exist for such practices, the first generation of pioneers innovated in social auditing and non-financial reporting. [Ben & Jerry’s](#) was the first company to voluntarily report on social performance in 1989, while [The Body Shop](#) published the first comprehensive stakeholder report in 1995. Even if overtime these pioneers have been caught up by mainstream groups, new sustainable lifestyles marketing champions have taken over: in 2004, The Co-operative Bank and Natura ranked 1st and 16th in the top 50 sustainability reports³⁴.

Positive lobbying

To spin out their awareness raising campaigns and strengthen the business case for their innovative practices, many companies studied run “positive” lobbying activities. The most successful example probably comes from The Body Shop who turned its “anti-animal testing” policy into a “ban animal testing” campaign in the late 80’s when the European Commission threatened to bring in regulation that would make animal testing compulsory: they collected 4 million signatures in a year and in November 1998 the UK government (The Body Shop’s country of origin) introduced a ban on animal testing in cosmetics, thus preventing the introduction of the EU regulation.

No bulletproof jacket against backlash

As mentioned above, the consistency between corporate commitment, corporate practices and product features which is particularly strong for these companies is the best way to help avoid criticism. However, it does not constitute a bulletproof jacket. On the contrary their irreverent high profile approach coupled with mostly self-declared claims tend to focus attention and suspicions of “greenwashing”. In 1992 for example a TV documentary³⁵ on The Body Shop claimed that their campaigns were pure cynical marketing. More recently Greenpeace³⁶ (which ran joint-campaigns with The Body Shop) listed some of the company’s products as potentially toxic for human health because they contain artificial musk. In 2005, Dov Charney, American Apparel’s founder, was sued by three former female employees for sexual harassment³⁷, an accusation strongly

34 Risk & Opportunity, SustainAbility/UNEP/S&P (2004)

35 “Dispatche”, Channel 4 (1992)

36 Perfume: an investigation of chemicals in 36 eaux de toilettes and eaux de parfum. Greenpeace (February 2005)

37 Business week (June 27th, 2005)

Natura / Ekos



Sector: Cosmetics

Country: Brazil

Signed Global Compact: 2000

Website: www.natura.net

Profile: Founded in 1969, Natura has become the leading South American cosmetic company with a 19% of market shares and a brand valued at 113% of the sales amount. In 2004 it employed 3555 people and realised a turnover of US\$ 634,5 million.

Sources: Profile submitted by Natura, complementary questionnaire and interview, publicly available information

denied by Charney who sees it as a misinterpretation of its libertarian sexual attitude which is clearly part of the company's soul (page 22)³⁸.

Did they change their markets?

Interviews clearly show that a core ambition of these companies' founders was to change consumption patterns on their market. Did they succeed?

So far the "direct impact" has been limited: at global level, The Body Shop is the only company among our panel to approach a mainstream status, with 0.45% of market share (versus 6% for the leader); at national level, Natura and Stonyfield Farm gained a clear leadership with respectively 10% and 5% of market share in Brazil and the US; enough to challenge leaders, but not sufficient to really set the standards in their industry (except in the notable case of animal testing for The Body Shop). To go one step further, in a context of double digit growth, these companies mostly need improved access to capital. Facing the related risk of losing independence, the companies studied have made different choices:

- Some of them, such as Patagonia in the US or Nature & Découvertes in France, simply refuse to grow too rapidly.
- The Body Shop and Natura went public, which, according to Anita Roddick, has made it more difficult, if not impossible, to implement irreverent marketing strategies not based on market surveys.

Finally, many early pioneers have been acquired by mainstream groups (page 18-19). While it is probably too soon to gauge the impact on both the acquired and the acquiring company, the success seems to depend on how the takeover fit into the shareholder's strategy: from both Danone's and Gary Hirshberg's points of view, Stonyfield Farm's takeover has been a success, since Gary Hirshberg keeps running the company while advising Danone's top executives. At the opposite, Ben & Jerry's takeover is more controversial: while Unilever sees its role as the key to scaling up, the deal has been considered as a failure by its founder Ben Cohen after layoffs in 2001³⁹.

"It is not only a capitalistic issue. We need people like Gary to develop correctly the business." Franck Riboud, Danone's CEO

"I think that most of what had been the soul of Ben & Jerry's is not gonna be around anymore." Ben Cohen⁴⁰

At the end of the day, the main impact of these companies over the long term may mostly be "indirect" through learning-driven takeovers and imitation by mainstream groups⁴¹.

38 Ibid

39 Source: Mother Jones (January 2003)

40 Ibid

41 See for instance Dove's me-too campaign of [The Body Shop](#) self-esteem campaign

Campaign summary

The Natura Ekos range is a telling example of green marketing. The ads present the product basics and explain to what extent it is environmentally-friendly and respectful of the Brazilian Indian community (raw materials production). The campaign proved to be quite innovative: in addition to billboards and [press ads](#), Natura also inserted nine tie-in marketing sequences in a [soap-opera](#) broadcasted at peak audience hours on a major TV channel.

This was aimed at spreading easily and playfully the environmental and social issues that the cosmetic industry has to address, and demonstrating how the ingredients were collected and processed. This campaign reached 15% of the total communication budget.

Context

Ekos is the latest product range developed by Natura. In line with the previous ones, it highlights well-being and the respect for nature. However Ekos takes the commitment one step further since it is FSC-certified.

Natura is recognized as a leading company in the field of corporate responsibility. Over the 2002-2004, it experimented a 32% growth in sales, compared to only 20% of the Brazilian cosmetics market to reach a share of 19%⁴². In 2004, the brand received several prizes among which the Highly Regarded Company (Carta Capital magazine and InterScience Institute) and the Third Most Valuable Brand in Brazil (Istoé Dinheiro magazine and Interbrand consultancy). Natura's brand value has reached 113% of its annual sales versus only 33% for L'Oreal.



42 Source: Natura press release for 2004 earning results

American Apparel



Sector: Apparel-garment industry

Country: USA

Signed Global Compact: -

Website: www.americanapparel.net

Profile: Over the last 7 years, American Apparel has become the first producer of garments in the USA, with a production capacity of 1 million T-shirts per week. The company was created in 1998 and is now operating in 5 countries (among which the US, the UK and France) with 50 retail outlets, 4,500 employees and turnover of US\$ 150 million in 2004.

Sources: Profile submitted by American Apparel ; publicly available information

Facts and figures

Founded by Dov Charney in response to industry relocations and outsourcing to sweatshops, against a backdrop of anti-globalization demonstrations, American Apparel has positioned itself as a committed brand from its inception, using advertising slogans such as "Sweatshop free T-shirts. Made in LA" and "Fuck the brands that are fucking the people". With US\$ 4 wholesale per T-shirt, (as much as four times the cost of one from China), American Apparel is positioned on high quality, slim-fitting, logo-free clothes targeting both wholesale and hipster young-adult consumers.

Context

American Apparel's responsibility first expressed itself through a strong social policy: no outsourcing, wages close to twice the average, throwing in health insurance, subsidized lunches, English courses for Hispanic employees, children's studies financing, on-site massages for workers, etc. These traditional social benefits are coupled with what Charney calls an "environment of freedom", including casual dress code and attitudes, permission to drink alcohol for employees working late, etc. Quite recently, the approach was extended to environmental issues through an organic cotton product range. The company now targets to extend these organic ranges so as to reach 80% of its sales by 2007.

Results

American Apparel's irreverent differentiating strategy seems to have paid off:

- They acknowledge 90% positive feedback from customers.
- Sales have grown by 900% from 2000 to 2004 compared to -12.9% for the US apparel market and respectively 40% and 76% for fast growing leaders such as Gap and H&M. Furthermore, Charney claims to have stores, such as one in Manhattan's Soho, that produce US\$ 1,800 a square foot in sales, seven times the apparel industry's average⁴³.

Fuck the brands that are fucking the people.

Garment manufacturers all over the world, paying better paying wages to defectors, intimidated workers, are being supported by the big U.S. clothing brands. It's their dirty little secret. Don't buy into their polished TV, magazine and billboard flag-waving good-guy bullshit propaganda. They're no better than common criminals, and you shouldn't be an accessory to their exploitation.

American Apparel is the Sweatshop Free T-Shirt anti-brand.

Every time you choose one of our garments, you are supporting a social manufacturing community right here in Los Angeles, with our own 100% local, highly motivated, fairly paid employees, enjoying the benefits and rewards of a job well done. Our unique humane culture recognizes outstanding performance and promotes form within, and provides health care benefits, training and education programs, a clean and wholesome working environment, and most importantly, dignity.

You can't buy better quality.

Choose from dozens of cool styles, in hundreds of vibrant color and size combinations. All our products are beautifully designed and sewn with our exclusive combed cotton fabrics, knitted at our 250,000 square foot manufacturing and distribution center.

One shirt or a truck load.

Consumers
You can buy our products 24/7 online for immediate delivery.

Producers
If you're showcasing an event, brand, record label, company or film, use your screen printer to use sweatshop free American Apparel garments. Or, contact us directly if you need a screen printer referral or additional wholesale information. To learn more about how we've become the fastest growing company in the industry, combining ethics and good business, visit us at www.americanapparel.net today.

Sweatshop Free T-shirts™ Made in LA.

American Apparel (Canada)
300 Laurier W. Suite 203,
Montreal, QC H2Y 2R2
Tel: (514) 933-0345

American Apparel
747 Westwood St.,
Los Angeles, CA 90021
Tel: (213) 489-4229

americanapparel.net

The American Apparel Foundation
1000 Westwood St., Suite 203
Los Angeles, CA 90021
Tel: (213) 489-4229

Equal Opportunity Employer
Minority and Women Owned Business Enterprise

Campaign summary

American Apparel invests about US\$ 1 million annually in marketing (less than 0.7% of its sales versus 3-4% for mainstream competitors), 20% of which are devoted to [campaigns dealing with social responsibility](#). The other aspects of the brand's positioning are embodied by racy pictures featuring people from the street, employees and even Dov Charney himself. The ads run mostly in alternative newspapers such as New York's The Village Voice and LA Weekly.

Sweatshop Free T-shirts™ Made in LA

Looking Good

American Apparel's sweatshop free products are made in Los Angeles, California. They're made by our employees, who work in a clean, safe, and healthy environment. They're made by our employees, who work in a clean, safe, and healthy environment.

Good Politics

We're a clothing brand that's committed to social responsibility. We're a clothing brand that's committed to social responsibility. We're a clothing brand that's committed to social responsibility.

Our Agenda is to Support Minority groups with color.

Our family of brands include:

americanapparel.net

Equal Opportunity Employer
Minority and Women Owned Business Enterprise

43 BusinessWeek, (June 27th, 2005)

Danone / Stonyfield Farm



Sector: Food industry

Country: North America

Signed Global Compact: -

Website: www.stonyfield.com

Profile: Stonyfield Farm has been founded in 1983, to finance The Rural Education Center (TREC). Over the last 20 years, the company has experienced an annual average growth of 24,3%. With 250 employees, it is now the world leading organic yoghurt manufacturer. While it has been taken over by Danone in 2003, its founder Gary Hirshberg is still CEO.

Sources: Publicly available information; questionnaire and interview with Gary Hirshberg

Strategy highlights

Stonyfield Farm offers health-oriented, growth hormone-free, organic dairy products. Given its ambition to support small local organic farmers, to give 10% of its annual profits to environmental programs, and the related cost, the company developed a cost effective “guerrilla marketing” strategy, using its packaging and website to raise awareness on organics and communicate social messages.

“Our mission is to support family farmers which need more money. As a result we have much stationery spending we cannot reduce. Our advertising limitation are not just because we don’t believe in it but also because we can’t afford it.” Gary Hirshberg

Campaigns summary

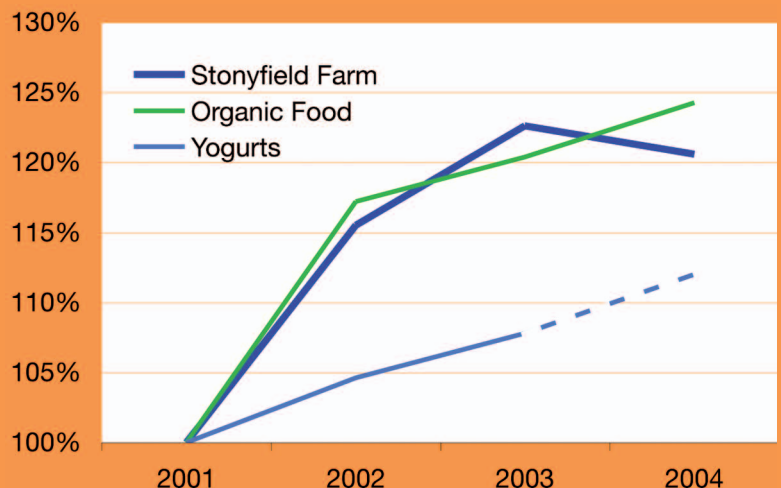
Stonyfield Farm’s primary communication channel is their packaging, called “mini-billboards” by Hirshberg. The main selling points are healthiness and “all naturalness”. Beyond this, the company uses its [lids](#)⁴⁴ (see pictures) to highlight its own social and environmental programs and practices, those of its partner grassroots NGOs, but also to educate consumers on a multiplicity of topics related to sustainable lifestyles, such as water and energy savings, eco-driving, green cars, green vote, etc. The website is a direct extension of this approach, where consumers can find all the details related to the campaigns. In addition the company runs various programs aimed at connecting customers with the farmers’ world such as “[Have-a-cow](#)” which allows to sponsor a dairy cow.

Results

Without advertising, Stonyfield Farm managed to become the third largest yogurt brand in the U.S, with 5.5% of market share on yogurts and 1.5% on organic food⁴⁵, while facing competitors with advertising to sales ratio up to 10%⁴⁶. Its campaigns received a good press coverage (page 19) and generated a sustained traffic on its website with 480,000 visitors a month, and 646,000 subscribers to the newsletter.



Fig. 23: Growth rate in sales, US market (2001-2004)



Sources: Stonyfield Farm, Mintel International, Dairy Foods

44 All the lids are available on www.stonyfield.com/lids
 45 Sources: Stonyfield Farm, Mintel International (2003)
 46 Source: Adbrands

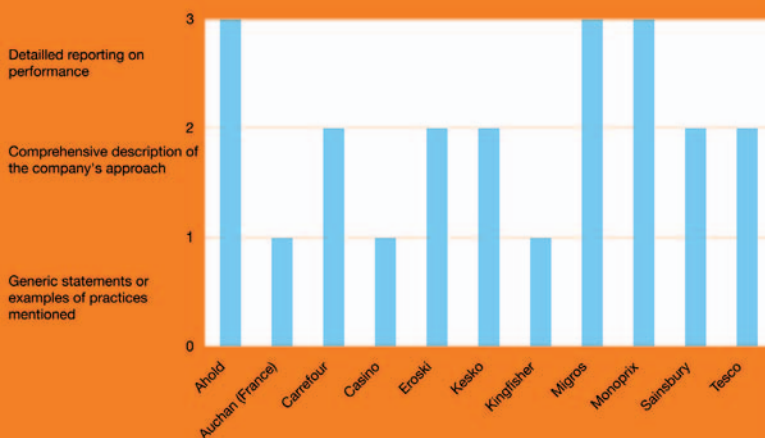
Can mainstream companies do the same?

Overview of this section

In recent years, we have witnessed growing interest of mainstream corporations for developing and marketing of green products. In the food and cosmetics sectors, where pioneering companies have led the way, multinationals have been building on the momentum created by these small companies, often buying them out (page 19). In more capital-intensive sectors where SMEs offering alternative products cannot exist, such as the automotive and energy distribution industries, some mainstream corporations have taken things into their own hands in matters of green products.

This section takes a look at how industrials in the both capital-intensive and less capital-intensive sectors have gone about developing and marketing green products, by focusing on the food retail and automotive industries. Mostly, they seem to use some of the same methods as their smaller, pioneering counterparts, such as educational websites and/or in-store communication (page 19), while benefiting from their size, either through scale economies or mass advertising (mainly in the case of the auto-industry). As a result, sales have risen dramatically, indicating that mainstreaming of green products in these sectors may only be a few years away. However, to this day, they remain niche markets for the most part, and scale economies are not big enough yet to guarantee the kind of profit margins these corporations are used to.

Fig. 24: Coverage of green marketing issues in non financial reporting



Source: Benchmarking survey on the retail sector – Utopies (2005)

Green food products in the retail sector⁴⁷

Issues at stake

Food is associated with some of the most important and widely publicized social and environmental impacts of all consumer goods (page 9). They also happen to offer significant margins for progress (page 9), implying that consumers can make a real difference by purchasing green alternatives to essential day-to-day food products. Multiple campaigns from NGOs such as Oxfam and Global Exchange have contributed to raise consumer awareness on sustainability issues linked with food products. Focusing initially on specific commodities such as coffee, tea or cocoa, the momentum created has led to dramatic increases in sales of organic and fairtrade products (page 26), as well as mounting pressure on food providers and retailers to tackle these issues.

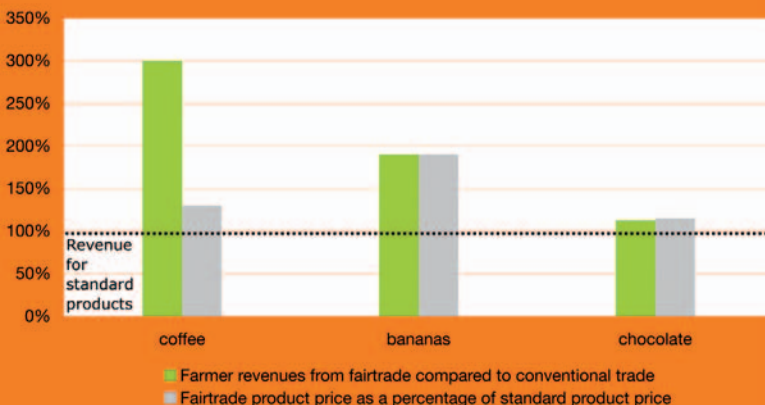
Consequently, after having been restricted to specialty shops and not for-profits for years, these alternative food products have gradually been introduced to a wider public by mainstream retailers since the 90's, so that today, all major retailers reference green products to varying degrees (fig. 26).

Home labels and certification

In addition to referencing green products, most big retailers have developed their own brands or product lines. To build consumer trust they follow several paths:

- Organic farming claims being regulated in many countries, retailers use official labels. For fairtrade products most retailers use external certification based on the international framework (fig. 27).
- Beyond that, many retailers have developed their own standards and labels generally inspired from organic

Fig. 25: Fairtrade versus conventional trade, retail price and revenues for the farmer, UK



Sources: Fairtrade Foundation UK, Co-op UK (2004)

⁴⁷ Our findings are based on an analysis of non-financial reporting and case studies (fig. 24).

and fairtrade standards but less strict. Some of them, like Ahold's [Utz Kapeh label](#) for coffee, are externally certified, but many rely only on internal standards audited internally, such as Carrefour's responsible coffee for instance.

- Regarding non-farmed food products, we found the same situation: retailers like Migros or Tesco strongly support private certification like MSC and FSC. Others like Carrefour rely on internal programs, while calling for the development of official labels.

“Regarding sustainable fishing, we do not want to promote private labels, even those developed by NGOs. We prefer official labels and we lobby for a European standard in this field.” Carrefour Sustainability Director⁴⁸

Pricing strategy

Beyond lack of information, prices have been identified as the main barrier to buying green food products (page 9). It is a fact that premiums for green products are often significant, as shown in fig. 16, page 15, organics costing between 13 and 30% more than regular food products, while fairtrade products could cost up to twice the price. On this issue, Sainsbury stands out by clearly stating what seems to be the position of most other retailers: organic produce is expensive and Sainsbury does not intend to subsidize it. However, a few companies actively seek to lift the price barrier: For instance, Ahold's Albert Heijns operates a permanent 5 to 35% price reduction on a selection of 25 organic food products. In France, Auchan has set a limit of 25% on the group's margins for fairtrade products.

Communication channels

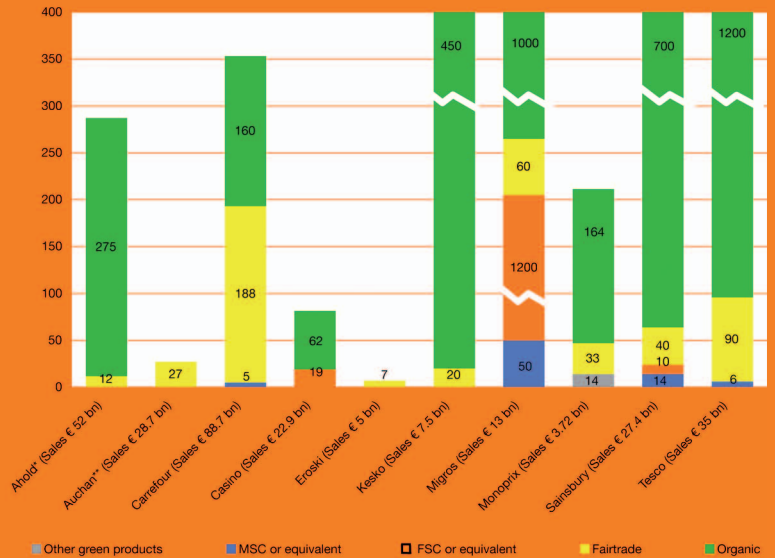
Though mainstream retailers boast considerable advertising expenditure and are among the top ten advertisers in countries such as France, Switzerland, Germany, Brazil and Australia⁴⁹, most of them have adopted low-budget promotion strategies for their fairtrade and organic products, similar to those of pioneering companies (page 19). They rely mostly on easy and cost-effective communications such as:

- banners and leaflets,
- awareness-raising events such as tastings and information stands (Eroski, Tesco and Auchan),
- radiophonic ads on sustainable development and alternative consumption (aired by Monoprix in its stores every 30 minutes),
- websites dedicated to providing information on green products on offer at their stores ([Sainsbury](#), [Migros](#), [Carrefour](#)). Notable exceptions among mainstream retailers include Migros and Ahold's Giant- Landover who have launched specific advertising campaigns.

48 H el ene Discours-Buhot quoted by Novethic (September 2005)

49 Adbrands (2005)

Fig. 26: Number of labeled green products referenced by mainstream retailers



Source: Corporate annual non-financial reports 2003-2004

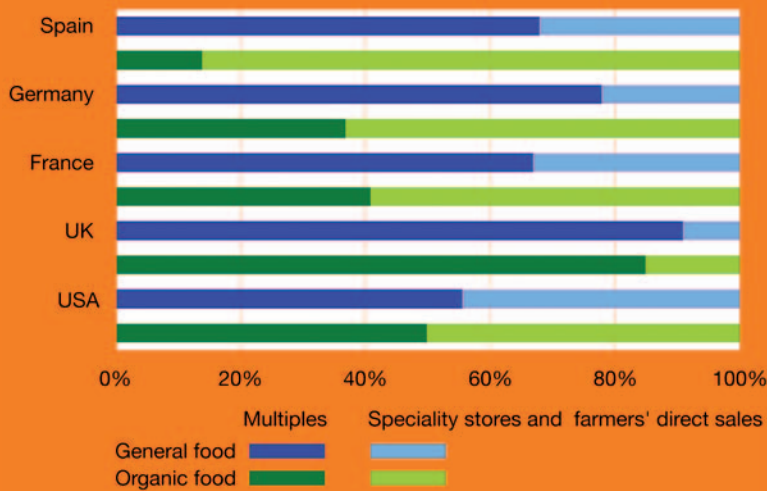
NB: Amount not reported appear as zero in the related categories. For each company, the scope of reporting of the number of referenced products does not necessarily cover all activities and countries of presence (Ahold: NL; Auchan: FR)

Fig. 27: Selected green labels and certification programs

Claim	Description	Examples
Organic farming	Voluntary standards developed by farmer associations in each country evolved into voluntary third party certification in the 70's. Organic claims are now regulated in more than 60 countries, with mandatory certification based on official standards.	
Fairtrade (mostly applied to agricultural products)	Fairtrade has followed the same track: voluntary standards and certification schemes per type of product have been developed by various NGOs at national level. In 2002, they agreed on a single international framework. Some governments now plan to create an official standard.	
Sustainable or responsible agriculture	Inspired by the success of organic and fairtrade, companies, certification NGOs and/or governmental organizations have developed various "less strict" standards and labels to certify products in a more responsible/sustainable way while allowing large volumes and limited price premiums. Examples include labels developed by the Rainforest Alliance (used by Kraft for coffee, Chiquita for bananas), the US Food Alliance or Ahold's Utz Kapeh foundation for coffee.	
Sustainable wood & paper	The Forest Stewardship Council (FSC) was founded in 1993 by WWF, NGOs and companies and developed a standard externally certified. Then counter labels have been developed by the industry associations, such as the SFI (US) in 1994 or the PEFC in 1998, which endorses national certification schemes in Europe.	
Sustainable fishing	Following the same approach, the Marine Stewardship Council (MSC) was created in 1997 by WWF and Unilever and became independent in 1999. Since then, some retailers developed their own standards and labels (Carrefour) without external certification.	
Eco-products (i.e. ecological improvements over the life cycle)	Over the last 20 years, various countries, especially in Europe developed national labels and certification processes with product specific standards. In 1992, the EU launched its own label. For each product, the standards are developed in collaboration with producers, environmental NGOs and consumer associations.	

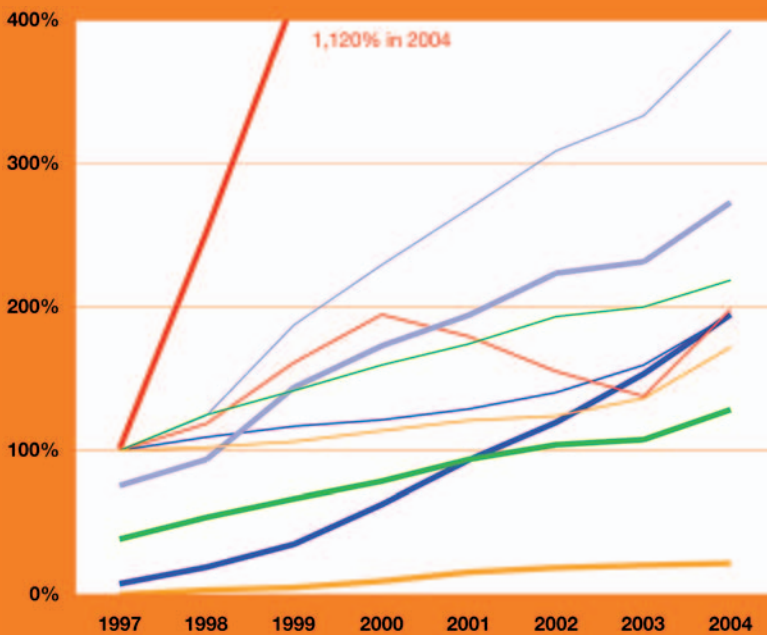
Sources: IFOAM, FLO, PEFC, eco-labels.org, eco-label.com, FAO, EISA, Ahold website

Fig. 28: Multiples vs other retailers market shares in selected countries



Sources: USDA, Institute for Grocery Distribution, INSEE, SOEL, organic-europe.net country reports

Fig. 29: Growth rates of organic food sales (base 100: speciality stores' and farmers' direct sales in 1997)



Multiples **Speciality stores & farmers' direct sales**

- USA
- UK
- France
- Germany
- Spain

Comments

This graph shows that:

- In US and the UK, multiples have experienced a stronger growth and now dominate the market.
- In continental Europe, both categories have experienced about the same growth and multiples are still behind
- With the exception of the UK, no country has experienced a drop in speciality stores' and farmers' sales.

Sources: Foundation Ecology & Agriculture SOEL, USDA, organic-europe.net country

Impact on sales and markets

As a result of retailers' efforts to offer and promote fair-trade and organic products, sales of both types of products have grown exponentially:

- From 1997, organic products experimented an average annual growth of 14% in Europe and 21% the US (fig. 29) to now reach a market share of respectively 2% and 3% (page 15)
- In the meantime, fairtrade products experimented an annual growth rate of 15% in Europe and 58% in the US, to reach 0.6% of market share in 2005.

Furthermore, after a few years in the game, some big retailers now cover significant portions of organic and fairtrade national markets: 62% of the Dutch organic market for Albert Heijn's, 27% of UK organic food sales for Sainsbury, 33% of UK fairtrade sales for Tesco, etc.

Controversies

In spite of their significant impact on sales, retailers' efforts to offer green products have been subject to many a criticism:

- First, they were suspected of driving specialty shops out of business by absorbing their base of green consumers. For organics, statistics seem to contradict this idea, with a notable exception of the UK (fig. 29). As far as fairtrade is concerned, it is too soon to have a global picture, but figures regarding coffee in France indicate that speciality shops have not experiment drops in sales either⁵⁰.
- Mainstream retailers are also said to undermine standards and mislead customers by developing their own lowkey green labels, hence seizing green market shares with products that do not meet the requirements set by more demanding standards (page 25). On the other hand, retailers such as Carrefour or Ahold argue that home made labels are a means of offering green products at a lower price in large volumes.

"Here's the typical life-cycle:

1. Individual organic farmers make a success of selling their product directly.
2. They club together to form the Soil Association and introduce standards to protect their nascent industry.
3. Initially, the large retailers resist, but eventually accommodate the new brands as niche products to highly informed consumers.
4. Eventually, they observe the consumer preference and allow profusion of the brand across multiple product lines as a value-add.
5. Finally, once consumer salience is widespread, and expertise is diffuse, they copycat and introduce their own 'organic' standards, which they themselves police.
6. Net result? The idea of organic is ubiquitous. Its environmental impact is dissipated. And consumer

50 Altereco/PwC (2000)

and producer 'brand' oversight is emasculated." Tim Kitchin, *The Glasshouse Partnership*

- Finally, fairtrade and organic products rarely make up more than 1% of total turnovers, and overall, sales of such alternative products remain marginal at national levels. It seems most food retailers are putting out green food products to answer existing consumer demand rather than pushing to change consumption patterns, with notable exceptions in favorable contexts such as Migros in Switzerland (▶ page 29) or Monoprix in French inner-cities.

Next steps

The development of green products in industrialized countries leaves two questions unaddressed:

- Will consumers in developing countries adopt the same approach? So far multinational retailers seem to mostly offer green products in mature markets. As

suggested by our case study in Brazil (see below), local retailers tend to put emphasis on local products which can combine community benefits and low prices. However, a recent global poll seems to show an appetite for fairtrade products, with especially high levels of declared "frequent purchases" in China (23% of respondents), Russia (42%) and Mexico (46%)⁵¹.

- The second big question concerns food giants. Will they follow the trend? Once again, some weak signals seems to indicate a move in this direction. Indeed, over the last few years, many large groups have either bought out pioneer SMEs (Unilever, Danone and Cadbury, page 18) or launched their own green products: fairtrade certified coffee for Nestlé and sustainable coffee for Kraft Foods (▶ page 25).

51 Internet global survey, GMI POLL (2005)

Grupo Pão de Açúcar

Sector: Food Retail

Country: Brazil

Signed Global Compact: 2001

Website: www.carasdobrasil.com.br

Profile: With 500 outlets, 58,000 collaborators and US\$ 3 bn in 2004, Pão de Açúcar is the largest Brazilian retailer

Sources: Profile submitted by the company, phone interview, company's website



Campaign summary

The Caras do Brazil program was launched in 2003. It aims at promoting small Brazilian producers by introducing their products to mainstream retail circuits. Products selected for promotion also demonstrate social and/or environmental value-added. As part of the program, 230 new references of food products, cosmetics and home appliances were introduced to 33 Pão de Açúcar retail locations and promoted thanks to [in-store](#) and [on-pack](#) communications. As a result, some 60,000 products from 69 different small suppliers have been sold in a little over a year, generating sales of US\$ 220,000 and accounting for between 0.04% and 0.23% of sales of each participating store.

Context

As Brazil's biggest retailer, Pão de Açúcar seeks to take advantage of its large customer base and financial power to stimulate growth of small suppliers and their communities throughout the country. Though this initiative is unique and praiseworthy for the sector, the program's budget (US\$ 247,000) and promotional efforts remain limited in view of the company's position as Brazil's 4th biggest corporate advertiser (\$43 million⁵²). Furthermore, while Pão de Açúcar sells organic and fairtrade products, they did not report marketing programs in these fields.

52 Source: Adbrands database, 2003 advertising expenditure

Eroski / Comercio justo



Sector: Retail

Country: Spain

Signed Global Compact: 2002

Website: www.fundaciongrupoeroski.es

Profile: With 1,790 outlets, Eroski have 30,101 employees for 5.5 Bn Euros of revenues in 2004.

Sources: Profile submitted by Eroski, complementary questionnaire and publicly available information

Facts and figures

Grupo Eroski's "Comercio Justo" campaign is conducted every year since 2001 during the Spanish "fairtrade fortnight", which takes place in March. This business to consumers (B2C) social marketing campaign aims at raising consumer awareness on fairtrade and providing information on fairtrade products on offer at Eroski retail locations. These consist of seven references, which include coffee, chocolate, cocoa and tea products, and are sourced from Oxfam-Intermon's fairtrade networks. Various communication channels are utilized for this campaign, spanning from [in-store promotion](#), to customer [awareness-raising sessions](#), loyalty customer mailings and [adverts](#) in Eroski's free « Idea Sana » magazine (200,000 copies). For the fourth edition of this campaign, which was held from March 13th to 27th,



2004, a specific fairtrade Tshirt sourced from Bangladesh with the help of Oxfam-Intermon was on offer at "Comercio Justo" campaign information stands.

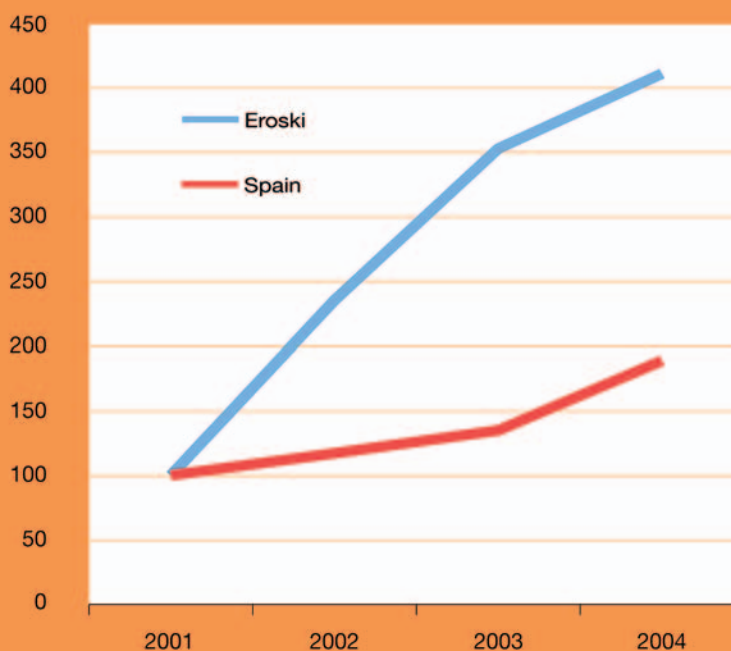
Context

Eroski is a consumer cooperative operating both as a retailer and a consumer association, hence incorporating social responsibility and the protection of consumer interests in its mission since its inception in 1969. 10% of the cooperative's profits are donated to the Eroski Foundation, which is dedicated entirely to consumer empowerment through information campaigns (relating for the most part to nutrition and health) and initiatives allowing customers to contribute to social and environmental progress. Therefore, the "Comercio Justo" campaign fits naturally into Grupo Eroski's communications culture and goals. Furthermore, as one of Spanish largest retailers, Eroski seeks to take advantage of the growing interest of Spanish consumers for fairtrade products, which have seen a twofold increase in nationwide sales since 1999. Eroski's customer surveys reveal that 80% of consumers prefer sustainable products (though only 6% actually buy such products).

Results of the campaign

As a result Eroski has witnessed significant increases in sales of fairtrade products over the last 3 years in the group's supermarkets and hypermarkets : they have more than quadrupled. As a means of comparison, fairtrade sales in Spanish supermarkets have increased an average of 81% over the same period, and only 59% in hypermarkets, while total sales of fairtrade products in Spain have increased more than twofold over this period, mainly thanks to dramatic increases in sales through e-commerce and specialized shops.

Fig. 30: Growth rate in fairtrade products sales since the beginning of the campaign (base 100: 2001)



Source: Eroski

Migros / Engagement



Sector: Retail

Country: Switzerland

Signed Global Compact: -

Website: www.engagement.ch

Profile: With annual sales of over US\$ 15 bn, Migros is the biggest retailer in Switzerland selling almost a quarter of the country's food. It is also one of the country's biggest advertiser. Beyond retail, which is Migros' primary activity, the group owns a bank and two newspapers, is Switzerland's foremost sponsor of cultural events and is said to be as influential in Switzerland as General Motors, Exxon, Ford, IBM and Coca-Cola combined in the US, according to Adbrands.

Sources: Publicly available information, company's interview



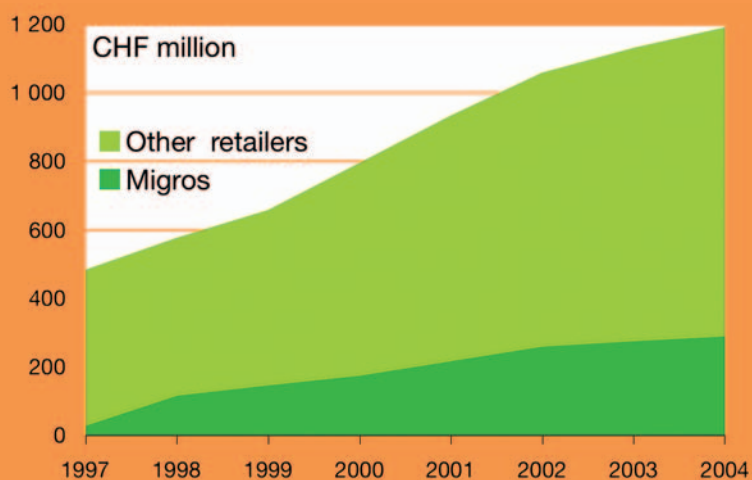
Context

Migros has demonstrated commitment to sustainable consumption since its inception : the company's founder, Gottlieb Duttweiler, swore in 1925 that his company would never sell either tobacco or alcohol. Since those early days, Migros evolved into a cooperative, which reinvests the majority of its profits in the community or the business, and further widened the scope of its CSR concerns. Migros displays the widest array of green products of all retailers (page 25). The brand offers a series of [9 green labels](#), grouped under the "Engagement" umbrella label, which accounts for significant portions of the brands sales. Hence, this unique social marketing campaign fits naturally into Migros' CSR profile.

Campaign summary

The "Engagement" advertising campaign is aimed at raising customer awareness on social and environmental problems surrounding certain Migros products, while providing information on green product labels that offer solutions to some of these issues. Each of the 8 images of this [ad series](#) put forth a question that suggests the existence of a problem, for instance, in the case of the ad above, excessive strain on fish resources. The image is supported by a text which presents the issues at stake, and when applicable, the corresponding green product label which Migros' customers can choose to avoid these negative impacts. Other issues touched upon are fairtrade, child labor, depletion of forest resources, health risks associated with fast food, etc. These ads were posted in national newspapers, billboards and on the internet, in autumn 2004, spring 2005 and autumn 2005, for a total budget of 500,000 euros.

Fig. 31: Organic food products sales in Switzerland



Sources : Migros, Bio Suisse

NB : during this period the market share of organic food products doubled up to 3.2%

Marketing climate-friendly vehicles

Issues and drivers

Personal mobility currently faces a large range of issues such as carbon emissions, urban pollution, noise, congestion and urban space use, safety and accessibility. According to projections (fig. 34), some of these impacts will probably worsen, one of the most preoccupying being carbon emissions, which will increase by 230% by 2050. Given this situation, several factors incite car manufacturers to introduce less carbon intensive vehicles and technologies on the market and promote them among consumers:

- US, European and Japanese authorities have set standards for new vehicles and/or have negotiated reduction targets applicable to the average performance of manufacturers' new vehicles fleet⁵³.
- At the same time, many countries introduce tax incentives and subsidies for highly efficient vehicles.
- Finally, media and environmental activist pressure is rising. In the US, Ford is currently their favorite target because of its defensive public policy positions on car consumption issues, and its booming sales of gas-guzzling Sport Utility Vehicles (SUVs) which lead to a decrease of the average environmental performance of its fleet over the past few years⁵⁴.
- Beyond risk management, green marketing can also be a great tool for brand value building, as shown by Toyota who uses its Prius model as a flagship.

R&D strategies

To take on these challenges, major car manufacturers have initiated R&D programs aimed at cutting vehicles' fuel consumption and carbon emissions. The new technologies⁵⁵ include:

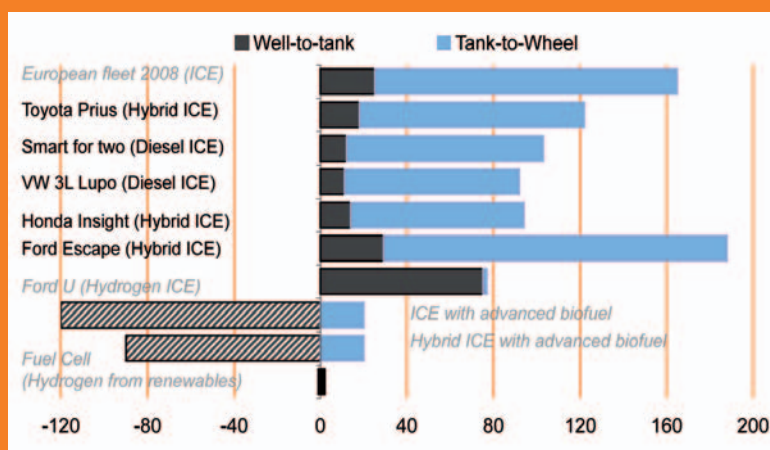
- Advanced Internal Combustion Engines (ICE), especially new generations of diesels or engines ready for advanced biofuels⁵⁶ or gas.
- Hybrid systems which combine an ICE with a generator battery and electric motors.
- Fuel cells which produce electricity and water from hydrogen either indirectly (on-board reformers which extract hydrogen from gasoline or methanol) or directly (off-board production of hydrogen and on-board storage).
- As well as various other technologies such as electric or compressed air motors which are not widely recognized as potential mainstream solutions.

Advanced diesel ICE and hybrid system, which are already on the market and do not require new fuel infrastructures, are seen as medium-term alternatives. As shown in fig. 34, these technologies alone, even combined with weight savings and reduction of aerodynamic drag, will not be able to curb the projected carbon emissions. The development of other technologies, and especially Fuel Cells Vehicles (FCV) is limited by a chicken and egg problem regarding the introduction of new vehicles and new fuel infrastructures. They are seen as a long-term solution, along with the next generations of ICE and hybrids using advanced biofuels⁵⁷.

"Green technologies" availability

Today conventional biofuels and gas are already in use in some countries (notably Brazil, Argentina and the US). Advanced diesel engines have been introduced a few years ago, especially in Europe. Notably, in 1999, Volkswagen's compact 3L Lupo was the first mass-produced car consuming less than 3 liters per 100 km. In Europe, it competes with various low-consumption diesel compact cars, such as the Smart. The Toyota Prius, the first hybrid car, was launched in 1997 and now competes with Honda models mostly on Japanese and US markets. For a couple of years, the hybrid technology has been transferred to SUVs, resulting in a 10-15% improvement in fuel consumption - in a category which consumes up to 30-50% more than light duty vehicles. Today, most major car manufacturers have FCV test fleets⁵⁸, but commercial launches are not expected before 2010 (GMC's stated goal).

Fig. 32: Well-to-wheel carbon equivalent emissions (g/km)



Sources: Utopies' estimates based on data from WBCSD Sustainable Mobility Project, ADEME and manufacturers
NB: Vehicles and technologies in grey are not yet available to consumers

53 The average CO₂ emissions of new vehicles fleets should achieve a 25% reduction in Europe (1995-2008) and 23% in Japan (1995-2010). In the US, standards are set based on fuel efficiency.

54 See for instance the What Would Jesus Drive? campaign or Sierra Club positions

55 Some of them can be mixed, such as advanced ICE and hybrids or fuel cells and hybrids, engines using standard gasoline and biofuels, etc. Ford even plans an ICE using hydrogen

56 Advanced biofuels are defined as those yielding at least a 80% carbon unit efficiency benefit compared to 20% for conventional ones. They require new categories of raw material and new production processes. Source: Mobility 2030 – SMI/ WBCSD (2004)

57 Source: Mobility 2030 – SMI/ WBCSD (2004)

58 Fuel Cell Today forecasts 600 test FCVs produced (cumulative) in 2005, up from 80 in 2000.

Green positioning

There is no commonly agreed definition of what is a “green car”. Manufacturers are used to market cars on an environmental platform in two situations:

- When these cars can be seen as ground-breaking steps towards the zero-emission vehicle of the future. This specifically applies to electric vehicles introduced by various manufacturers in the 90’s and more recently to hybrid sedans such as the Toyota Prius and the Honda Insight.
- When they introduce a specific version in an existing range, which benefits from an environmentally-friendly technology (particulate filter, recyclable materials, fuel-efficient ICE, etc.), these technologies being sometimes marketed as options. Examples include various diesel models from Peugeot or Volkswagen in Europe, or the newly introduced [GMC hybrid SUV](#).

In this respect, the VW 3L Lupo has adopted a mixed approach: on one hand it has been marketed as the [most fuel efficient car](#) on the market. But on the other hand, it was only one argument among others ([small size](#), etc.), and VW did not give it a specific name or design.

Selling points

Given the commercial failure of the electric cars⁵⁹ in the 90’s, current green cars have inherited from a suspicion of expensiveness and lack of convenience. Furthermore, beyond early innovators and true blue greens (page 11), consumers’ primary expectations do not focus on environmental issues. For instance, in Europe they focus on: the model (37%), the price (29%), the fuel consumption (19%), the engine size (11%) and the fuel type (4%)⁶⁰. In the US, in most car categories, fuel consumption is a top purchase reason for less than 25% of consumers⁶¹.

“The word “eco” even puts some people off because they automatically think of foregoing something or of catastrophes.” Volkswagen

Therefore, eco-friendliness or even fuel savings are rarely the only platform used by manufacturers. Usually, the selling points used in adverts are threefold:

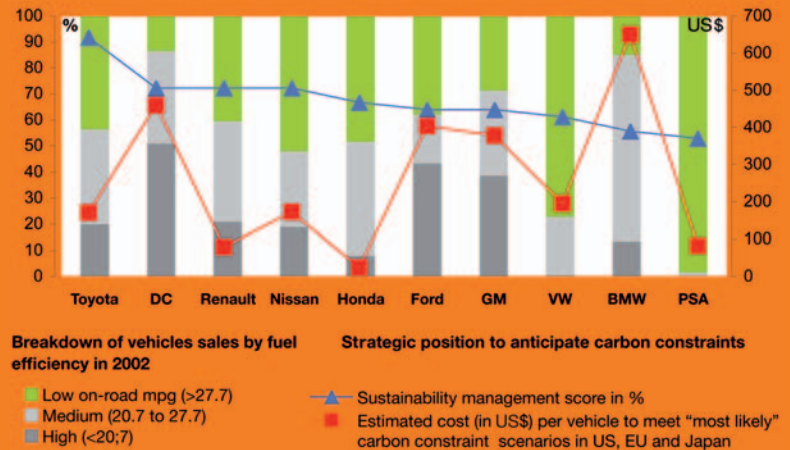
- Eco-friendliness. In some ads the car or technology is associated with positive images of nature ([Peugeot](#)) or 70’s style flowers ([Honda](#), [Toyota](#), [Peugeot](#)). Others position it as a solution to environmental problems, by showing environmentally irresponsible behaviors ([Honda](#)) or the consequences of air pollution ([Peugeot](#)).
- Futurism. Both [Honda](#) and [Toyota](#) present their hybrid cars as a taste of the future, supported by aerodynamic designs.

59 GM only sold 300 units of its EV1 electric car

60 Source: BASIS-KONTAKT (Maritz Research Deutschland)

61 CDS/Toyota US (2001)

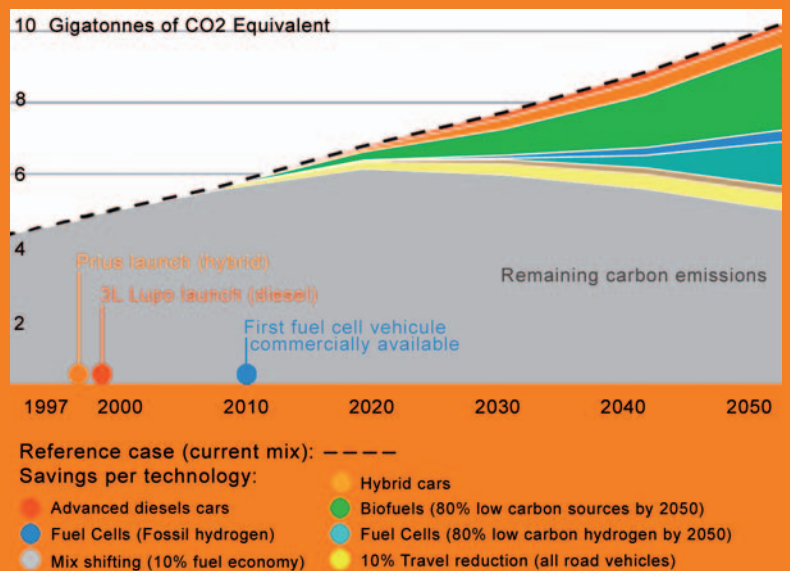
Fig. 33: Risks and opportunities related to future carbon constraints for car manufacturers, 2005



Sources: SAM/ A.Sauer, presentation at Pew Center for Climate Change (2005)

NB: mpg stands for miles per gallon

Fig. 34: Impact of new fuels and engines on road transport global carbon emissions – combined technology scenario



Sources: Sustainable Mobility Project scenario (WBCSD), manufacturers

- Cost savings. Many manufacturers based their selling pitch on consumer self-interest and put emphasis on fuel efficiency. This is especially true for diesel cars ([Peugeot](#), [VW](#)).

Furthermore, a strong reassurance on quality and reliability is provided by manufacturers, through communication and sometimes improved warranty conditions. This is especially true for the second generation Prius' marketing campaign.

“The learning from the previous positioning as a green car is that an eco-car is perceived as a strange model that sacrifices driving pleasure and comfort and is a trade-off for low emissions.” Toyota/Basis-Kontakt

Communication channels

When marketing green technologies, most manufacturers (Honda, Peugeot, Volvo) rely on traditional channels, i.e. billboards, TV and press ads. Given the nature of these media, the messages are very simple and usually focused on a single selling point. In most cases they do not communicate the minimum informational content required to understand the environmental benefit vs competition. For consumer education and information, manufacturers seem to rely on other channels such as PR and dedicated websites which allow to describe comprehensively the technology. Websites in particular seem to play a critical role in delivering product information. Beyond detailed specifications, they provide: internal environmental performance comparison tools (Volkswagen), money savings calculators (Honda, Ford, Toyota), third party endorsed competition comparison tools (Ford, Toyota), trunk loading simulators (Toyota), technology educational descriptions (Toyota), real time estimates of fuel savings realized thanks to the products in use (Toyota), or quiz (Ford). Finally technology leadership combined with smart PR allow some manufacturers to benefit from unsolicited endorsements from customers association (awards for Prius), Hollywood movie stars (Prius), environmental NGOs (3L Lupo), etc.

Fig. 35: Selected green cars promotional websites

Toyota Prius
www.toyota.com/prius

Honda
<http://automobiles.honda.com/models>

Ford Escape Hybrid
www.fordvehicles.com/escapehybrid

Volkswagen
www.mobility-and-sustainability.com

Pricing and incentives

As mentioned above, price ranks among primary purchasing criteria. Like in other markets (♦ page 25), manufacturers have adopted different pricing strategies:

- Toyota and Honda squeezed their margins or even sold at a loss to lower the price premium. This premium is now limited to 9% of the retail price for hybrid vehicles in the US, down from 20% in 1998. An amount which is amortized in less than one year thanks to fuel savings, high gasoline prices and tax and insurance incentives on hybrids. In Europe, where diesel engines are widespread, the average mileage per year lower and the price premium higher, it takes longer (♦ fig. 36).
- With its 3L Lupo, Volkswagen has adopted a different approach with a 30-40% price premium, amortized in 4 years for the average German user (♦ fig. 36).

“Implementing a large-scale production is expensive, i.e. the Lupo 3L TDI is priced similar to an entry-model Golf.” Volkswagen

Sales

After the total failure of electric cars, hybrid vehicles have achieved a degree of commercial success in Japan and the US (♦ fig. 37). Hybrid cars still represent about 1% of the US car market, but if current trends persist, they may reach 3.5% in 2012⁶² boosted by the introduction of hybrid SUV (Ford Hybrid Explorer accounts for about 15% of all Explorers sales in 2005). In Europe, where diesel powertrains have a 30% market share (vs 16% for Japan and 1% for the US)⁶³, hybrids success has been limited so far. However, advanced diesels have a 7.3% market share and fuel efficient micro cars are well represented with 5.5%, even if the “greener” of them, the 3L Lupo, have been a commercial failure.

“The customer is ultimately the deciding factor, as non-selling eco-products do not help anyone.” Volkswagen

Impact on the environment

Given the current volumes, the actual impact of “green vehicles” is almost zero (♦ page 31). Assuming high levels of penetration, advanced diesels and hybrids can avoid 10% and 15% of CO₂ emissions in 2050 compared to the business as usual scenario⁶⁴. So the direct impact will remain limited. But the indirect one may be critical since these products raise customer awareness and boost acceptance of “green” cars, paving the way for future more powerful technologies such as fuel cells and biofuels. They also help to level the playing field by boosting integration of eco-friendly technologies in volume models and allowing regulators to set stricter

62 Source: JD Power estimates (2005)

63 Source: Alliance (2005)

64 Source: SMP calculations (2004). Savings cannot be added together

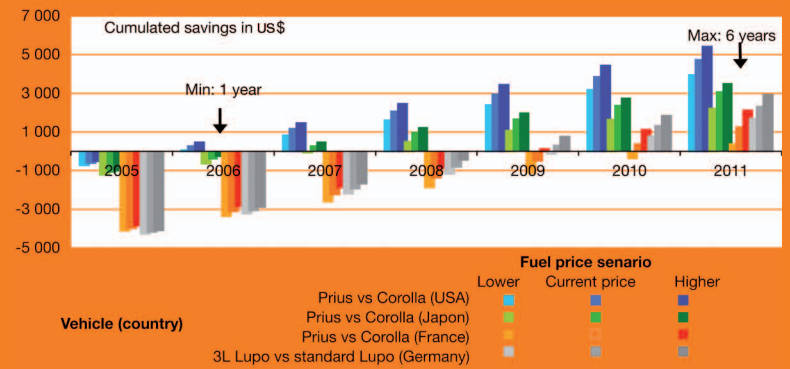
emission standards based on the best available technologies.

“There is no doubt that the new Prius will remain a niche model with relatively low sales volumes throughout Europe, but compared to the previous model it should become much more successful by not only focussing on the “green” factor and will be able to build the platform for Toyota’s future model launches with hybrid engines.” Toyota/Basis-Kontakt

Impact on the bottom line

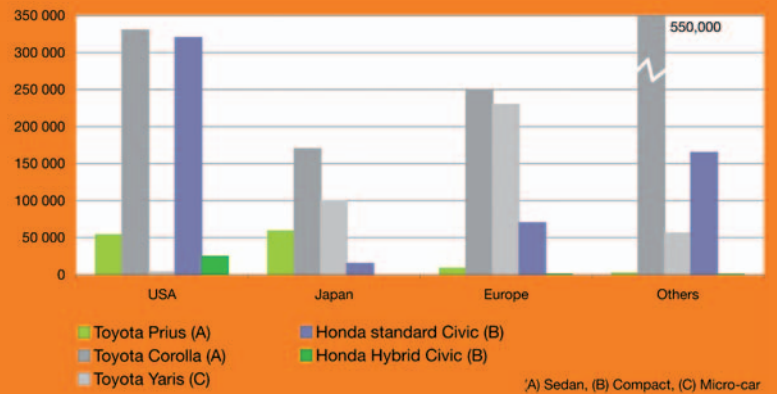
Given low volumes, tight margins and significant advertising expenditure, the direct return on investments (ROI) for manufacturers seems to be limited or negative so far. Once again, the impact is mostly indirect, through an improved corporate image, both as a green and innovative company and a strengthened leadership on emerging technologies (Toyota, page 34).

Fig. 36: Amortization period of the premium paid for a green vehicle purchased in 2005



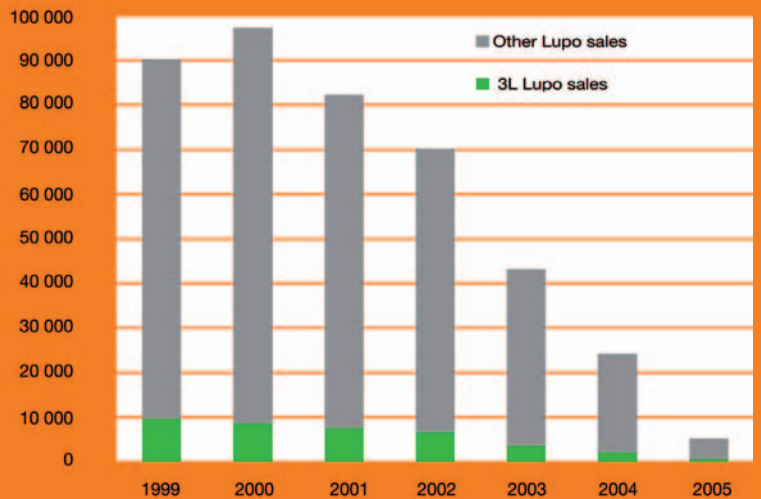
Sources: Utopies/UNEP calculations based on AAA, JAMA, ADEME, EIA, NTSA and manufacturers' data for 2005
 NB: Calculations take into account the price premium, governments' subsidies, insurance and fuel savings based on the average mileage in each country

Fig. 37: Hybrid versus standard best sellers – sales in units (2004)



Source: Manufacturers

Fig. 38: 3L Lupo sales versus standard Lupo sales (units)



Source: Volkswagen

1998 TV spot



2000 TV spot



Toyota / Prius campaign



Sector: Automotive

Country: World

Signed Global Compact: -

Website: www.toyota.com/prius

Profile: Since 2003, Toyota is the second largest carmaker close behind GMC and is considered a leader in eco-technologies.

Sources: Material submitted by Toyota Japan; Driving hybrids into the mainstream - Toyota USA (2004); Positioning of a green technology - Toyota Europe / Basic-Kontakt (2004) ; publicly available information

Facts & figures

Launched in October 1997 in Japan, the Toyota Prius has been the first mass-produced hybrid car. It remains the most sold hybrid car to date representing more than 64.7% of hybrid US sales over the last year⁶⁵.

The campaign

Its marketing history can be divided into three periods:

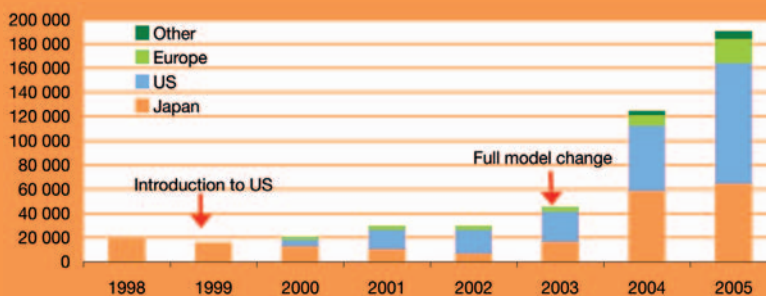
- **1997-1999 – Introduction phase.** At this time only a few thousands units were sold in Toyota's domestic market. The communication goals were to earn recognition and understanding of Hybrid

system, appealing the completeness as normal vehicle. The main focus was on environmental-friendliness with early adopters as a core target group.

- **2000-2002 – Introduction to US and Europe.** Toyota aimed at building a sense of satisfaction and emotional value resulting from ownership, with still a strong focus on the environment.
- **2003-2004 – Full model change.** The current model (bigger and faster) has been launched associated with a new image of futuristic innovation, no compromise on quality and convenience and less emphasis on green aspects to move from "early adopters" only to the "early majority". The budget of these campaigns remain undisclosed but is obviously high compared to the selling objective. Thus Prius seems to play the role of rolling corporate communication tool for Toyota.

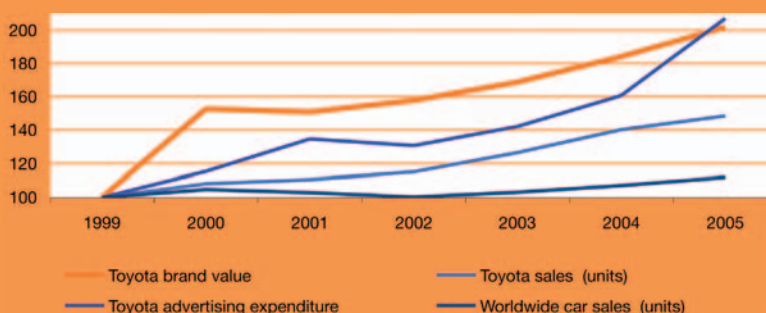
⁶⁵ Source: Toyota's website (October 2005)

Fig. 39: Prius sales (units)



Source: Toyota.

Fig. 40: Toyota selected marketing indicators (base 100: 1999)



Sources: Toyota, Interbrand

When the new model was launched in the US, the communication plan included:

- A pre-launch phase with magazine ads and a pre-order website for Prius customers which generated 6,200 pre-orders and 80,000 handraisers.
- The campaign itself mixed TV and Radio ads on both national networks and local stations, [one page ads](#) in newspapers and weekly-magazines, as well as a huge PR effort and a comprehensive website to educate the public about hybrid technology.
- At the same time Toyota ran a global corporate communication campaign "Aim: zero emissions" using ads and TV advertorials to associate its brand image with eco-friendly technologies.

Context

The launch benefited from a fertile context: in Japan, it was announced a couple of months before the signature of the Kyoto protocol, in the US, it coincided with the anti-SUV campaign (▶ page 13) and a debate on emission standards. That allowed the Prius car to benefit from fiscal and legal incentives such as the use of the car pool lane by single occupant hybrid vehicles in California, as well as from an unsolicited support from Hollywood movie stars (▶ page 13).

Results

If the sales remain limited during the first two periods, the introduction of the new model boosted its success, especially in Japan and the US, where it experimen-

2003 TV spot



ted a triple digit annual growth rate until now, reaching 124,000 units in 2004 worldwide (versus 470,000 for Toyota's compact car Yaris also launched in 1998, and 1.3 million for the Corolla, Toyota's "milk cow" sedan). However profitability is still a pending question. In the 1998 Paris auto salon, Toyota top brass admitted that the Prius will never ever make a profit. At this time they estimated the production cost at almost twice the retail price. Toyota now claims to make profits on the second generation of Prius, but the business and auto press challenged this interpretation, highlighting the fact that it depends on the way the overheads, especially R&D investments are spread across Toyota's activities⁶⁶. Whatever the truth, the business case for Toyota seems to lie in other indirect impacts:

- This large scale field test allowed the manufacturer to raise the profile of its hybrid technology among opinion leaders and the general public, and thus to sell it to Nissan and Ford.
- Toyota's strong increase in brand value (↗ fig. 40) seems to be linked to the Prius success (↗ page 13).

Perspectives

Even if almost every competitor has already launched or plans to launch hybrid sedans or SUVs, Toyota still benefits from a strong commercial, technological and reputation leadership. However this perfect picture may be clouded in the next few months : in October 2005, Toyota announced the recall of all Prius cars manufactured from 08/2003 through 11/2004 (160,000), for electronic problems, an event that might weaken the current "no compromise" positioning.

66 Source: Motoring Telegraph (May 2003)



Volkswagen / 3L Lupo



Sector: Automotive

Country: Europe

Signed Global Compact: 2002

Website: www.vw.com

Profile: Volkswagen (VW) is by far and away Europe's top-ranking car maker, 4th biggest worldwide, displaying a wide brand portfolio which includes Volkswagen itself, Audi, Seat, Skoda as well as luxury brands. The group's turnover reached US\$ 110.5 bn in 2004, due mostly to sales in the low-consumption vehicle category (↗ fig. 33). The Volkswagen Lupo was VW's entry model until 2005 when it was phased out.

Sources: Text submitted by VW, publicly available information

Strategy highlights

The 3L Lupo with still unrivaled low CO₂ emissions (↗ fig. 32, page 30) has been introduced in Europe in 1999, with a strong focus on the German market. The positioning concentrates primarily on fuel savings, innovation, safety and quality. The environmental concept is integrated in the selling pitch mostly through fuel savings and the motto "tomorrow starts today". With a price 35 to 40% higher than the entry model, Volkswagen has chosen to significantly reflect the cost overrun related to R&D and production.

Results and limits

Despite a positive overall economic value for the consumer after 4 years (↗ fig. 36, page 33), strong recommendations from environmental groups, and an extensive and positive press coverage, the pricing happened to be an insuperable barrier to purchase. Indeed, the 3L Lupo was a commercial failure. However, it certainly helped to raise the environmental profile of diesel engines in Europe, therefore probably contributing to the adoption of advanced diesels by European consumers (they reached 7.3% of market share in 2005, up from 0.2% in 1999) and their integration in the offer.

Learnings for communication

Actual environmental benefits result from various innovations such as more efficient engines, low weight and low dynamic drag, which also lead to cost savings and emotional value for the consumer. Given the low rank of environmental benefits among consumers primary purchasing criteria, VW concluded that marketing for environmental protection does not necessarily mean marketing on an environmental platform. Furthermore, it can be noted that sharp improvements of existing "brown" technologies (such as advanced diesels) may be less effective in mobilizing the emotional value associated with eco-innovations than brand new technologies (such as hybrids).

Can a company incite to consume less?

Overview of this section

While governments and local authorities can have an obvious interest in reducing water and energy demand or domestic waste streams, the business case is less obvious for companies. However, some of them run social marketing campaigns aiming at moderating consumption. We tried to understand who they are, why they impulse such campaigns, how they manage these, and if it actually works.

Who is doing that, and why?

When reviewing annual and non financial corporate reports⁶⁷, we found very few companies mentioning such practices. Indeed, business drivers seem to be very sector specific and limited to some situations.

Risk management

Most examples come from tobacco, alcohol or manufactured food companies which face huge liabilities related

to alleged irresponsible marketing practices (page 12). Their campaigns raise awareness on health risks associated with over-consumption at individual level. They usually fit in corporate programs or emerging management frameworks which aim at ensuring compliance and preventing the most controversial marketing practices (page 9). Beyond the “sin sectors”, we found examples in industries where product misuse and over-consumption lead to avoidable environmental impacts. The Washright campaign is a telling example. It fitted in a voluntary initiative of the detergent sector aimed at reducing its product-related environmental footprint, which has been implemented at a time when the European Union (EU) was seriously thinking about introducing a new regulation.

Scarce resources management

Another series of examples come from Demand Side Management programs which are now widespread in water and energy retail sectors. In their case, several drivers apply:

- The most obvious one is to avoid blackouts or water cutoffs related to resource shortage, as it often

Fig. 41: Some examples of corporate campaigns promoting moderated consumption

Company	Campaign/Program (country)	Goals	Means and target
McDonald's	Balanced, active lifestyles (world)	Inform on sound consumption of fast food products	Leaflets , TV ads targeting children and parents to raise awareness a proper frequency and balanced meals
Carrefour	Consume Better (France)	Raise awareness on sustainable consumption	Press ads and billboards, dedicated pages on the company's website, articles in the consumer magazine
AGBAR	No specific campaign name (Barcelona)	Reduce water consumption in Barcelona	Billing stuffer , internet web site and educational kits sent to schools
Veolia	Various campaigns across the world	Reduce water or energy consumption	Educational kits for schools, websites , press ads
AISE	Washright (Europe)	Reduce the environmental impact of laundry detergent consumption	Simple guidelines for responsible use diffused to European households through TV ads, websites , on-pack tags
KIA Motors	Sedona Ad and support the Walking Bus initiative (UK)	Incite consumers to use non motorized transportation for short distances	Printed and billboards
Allied Domecq	Ballantine's "Go and play moderation"; Tia Lusso's "You just know to drink in moderation" (world)	Raising consumers awareness on the necessity to drink with moderation	TV and printed ads targeting adult alcohol consumers
BAT	Don't smoke campaign (38 European countries)	Preventing youngsters to start smoking	"you can be cool and not smoke" diffused to teenagers through TV and press ads

Source: Utopies based on publicly available information

NB: Most programs often cover several goals with various means. In this table, we only mentioned those related to moderation of consumption/use

67 Work undertaken by Utopies for the Responsible Advertising (page 49) and Communication Initiative and the Global Reporters survey (as a member of the selection committee)

Fig. 42: Key factors of success of community-based social marketing

- The message must be vivid, personal and concrete.
- Prior to developing the message, audience' attitudes and behaviors should be studied.
- The advertiser should chose an individual or an organization that is credible to the audience to deliver the message.
- The campaign should focus on what is lost by not acting rather than on what is saved by acting.
- Threatening messages should be coupled with suggestions on what individuals can do.
- One-sided or two-sided messages should be used depending on the awareness of the audience.
- The communication, especially the instructions for the desired behavior, should be clear and specific.
- What to do, how and when to do it should be easy to remember.
- The communication should integrate personal or community goals.
- The practices the campaign is encouraging should be drawn or sketched.
- The campaign should generate comments about the practices so as to spread them.
- Whenever possible, personal contact should be used to deliver the message.
- Feedback about the impacts should be provided at personal and community level.

Source: *Fostering Sustainable Behavior* – D. McKenzie-Mohr & W. Smith (1999)

happens in California or southern Europe during summers. In such crises, companies have a clear interest to see customers reducing their consumption during peak hours or dry weeks. It allows them to avoid unprofitable investments needed to scale up in production/distribution capacity ; or to prevent electricity/gas sales at loss in deregulated power markets with capped retail prices.

- Utilities are also increasingly prompted by their clients to implement such programs on an on-going basis. Veolia Water, the world leader in water management, have for instance contractual commitments to raise awareness, with some cities. Its competitor AGBAR also mentioned some contracts (not in Barcelona) where it accounts for 2% in the overall performance assessment. However, the contractual obligation focuses on means rather than results.
- Finally emerging legal constraints on carbon may soon generate new incentives for energy retailers, such as the creation of White Certificates related to energy savings, tradable on carbon markets⁶⁸.

Brand differentiation

Furthermore, we found some isolated cases of companies inciting consumers to moderate consumption or use of their products for brand differentiation purposes. They include Kia Motors who invites consumers to bike or walk for short distances, Carrefour who used the slogan “Stop consuming more to consume better” in an advertising campaign, or more odd examples such as The Body Shop who encouraged consumers to use less shampoo on some packagings, or the UK tobacco manufacturer Death Cigarettes (now out of business!) who advised customers not to start smoking.

Finally and beyond these drivers, most companies studied mentioned improved reputation as a strong driver, which is always tracked as a key indicator of success for such campaigns.

How do they communicate?

Research on community-based programs usually run by public authorities shows⁶⁹ that effective promotion of sustainable behaviors requires the use of specific rules and tools, which are not necessarily derived from “traditional marketing” (♣ fig. 42). We have tried to understand to what extent the companies we studied apply these techniques.

Communication channels

Media channels used seems to very much depend upon the sector and business drivers considered:

- Utilities, which are familiar of mass advertising, com-

municate through a wide range of direct marketing tools including brochures sent with bills, internet websites and educational kits in schools (CD-ROMs, prompts, games, etc.).

- Companies who try to manage liability risks seem to use a mix of traditional adverts and informative materials in outlets (McDonald's), on packs (laundry detergents) and on websites.
- Finally campaigns driven by brand differentiation, like those from Kia or Carrefour mostly rely on the same media as for regular campaigns such as printed ads and billboards. They also highlight the campaign on their websites but the related content remain very much focused on traditional products information.

The message

The type of messages delivered follows the same rule: the more based on direct marketing the campaign, the more educational the approach. Washright and AGBAR both give very practical tips and rules to reduce consumption. The message is therefore tailored to each target group in order to address specific barriers and build on self-interest. When they target children companies make for instance an intensive use of comics and mascots.

Supports and endorsements

Among the examples studied here, most campaigns received a full support from high-profile organizations such as the European Commission for Washright, the local authorities or NGOs in the case of utilities. In many cases this support translates into public endorsement or join campaigns. On the other hand, advertising campaigns aiming at brand differentiation are not endorsed by third parties.

68 International Energy Agency

69 In these section, we based much of our assumptions on the work conducted by Dr. McKenzie-Mohr (♣ page 49)

Time and Budgets

Changing consumer habits obviously requires more time than informing them on a new product. The Washright campaign (which was part of a wider environmental program) was planned to last 6 years and the sketches on the packs are still in use. The Aguas de Barcelona campaigns have been running for 5 years now. To the contrary the campaigns aiming at differentiation are planned for shorter periods, similar to standard advertising campaigns. The budgets also seem to be very much depending on the aim. Paradoxically, while differentiation campaigns benefit from the budget of a standard corporate or product campaign, the programs supported by a strong business case seems to dedicate lighter budgets. These remain however far more significant than governmental spendings on comparable campaigns (AISE, page 42).

Margin for progress

Most community based social marketing tools and tips described (page 37 and 45) are used in at least one of the campaigns studied, with a notable exception regarding empowerment tools. Companies studied did not mention the use of community goals, personal commitments or feedbacks to consumers on the results of the campaign.

Does it work?

To measure the efficiency of such campaigns, three questions have to be addressed:

- Do they impact people's attitudes?
- Do they change their behaviors?
- Are they used as a shield to avoid more radical changes in corporate practices?

Impact on attitudes

AISE and AGBAR have both analyzed barriers to sustainable behaviors and tracked the impact of their campaigns on consumers' attitude:

- AISE seems to find satisfying results with about 80% of the people surveyed declaring to follow Washright recommendations.
 - AGBAR results are more mixed with only 20% of customers considering to be informed on water savings issues.
- However, research in social marketing clearly highlights a huge gap between changes in attitudes and behaviors.

"There is often little or no relationship between attitudes and/or knowledge, and behavior." D. McKenzie-Mohr

Impact on behaviors

Among the cases studied, AGBAR, Veolia and AISE all reported actual improvements of consumer behavior. However the awareness factor cannot be easily isolated from other levers. For instance, AISE's approach also

includes a progressive switch from powders to tablets to help users consume the right amount of products. Similarly, water and energy savings campaigns are often coupled with tax increases and set up of individual meters. If this mix of factors makes a precise evaluation of campaigns' effectiveness difficult, it also shows that communication should be one element in a wider strategy based on barriers identification and removal.

Tell me what is your motivation...

...and I will tell you how effective your campaign will be. While we only analyzed a very limited number of cases, they suggest that the stronger the business case for actual changes in behaviors, the more effective the campaign. Indeed, for campaigns driven by brand differentiation, companies did not even seem to conduct surveys to assess the impact on behaviors. Does it mean that such campaigns are useless? Not necessarily. By definition, they occur in industries where companies are used to deliver the opposite message. Thus, they at least raise consumers awareness and generate public debate.

The critical question of alignment

In front of these various cases, one question pops up to ones' mind: are these campaigns consistent with the overall practices of the companies?

In fact, we selected these examples precisely because the business model of their industry was not aligned with the message they convey: energy and water bills are directly linked to volumes consumed, mass retailers still presents low prices and "buy one get two" as core differentiation factors, Kia like many car manufacturers promotes SUVs to urban users, not to mention fast food companies, etc. So, the first answer to this question is definitely no. However the real question is to know whether these practices are a step towards a fundamental shift or just a lure, in response to punctual risks or opportunities. Here the answer may be more balanced. Indeed, some of the companies studied consider⁷⁰ these campaigns to be part of a progressive evolution toward more sustainable business models and practices:

- A shift towards source reduction for water, energy or waste utilities in order to anticipate emerging environmental constraints.
- A shift from low price to quality for retailers in order to resist hard discounters' competitive pressure.
- A shift from volume based approach to functionality (tablets, specific qualities) for laundry detergents manufacturers.

Assessing the impacts of the campaigns on these internal changes are clearly beyond the scope of this report. However such a research may be interesting, especially in the context of the commitments the food industry is currently taking towards responsible marketing and fight against obesity.

⁷⁰ Source: interviews or publicly available documents

Veolia Environnement

Sector: Water and energy services

Country: World

Signed Global Compact: 2002

Website: www.veoliaenvironnement.com

Profile: Veolia Environnement is the environment services world leader with four subsidiaries: Veolia Water (water management), Dalkia (energy management), Connex (transport management) and Onyx (waste management).

Source: Questionnaire sent to Veolia Environment

Campaign highlights

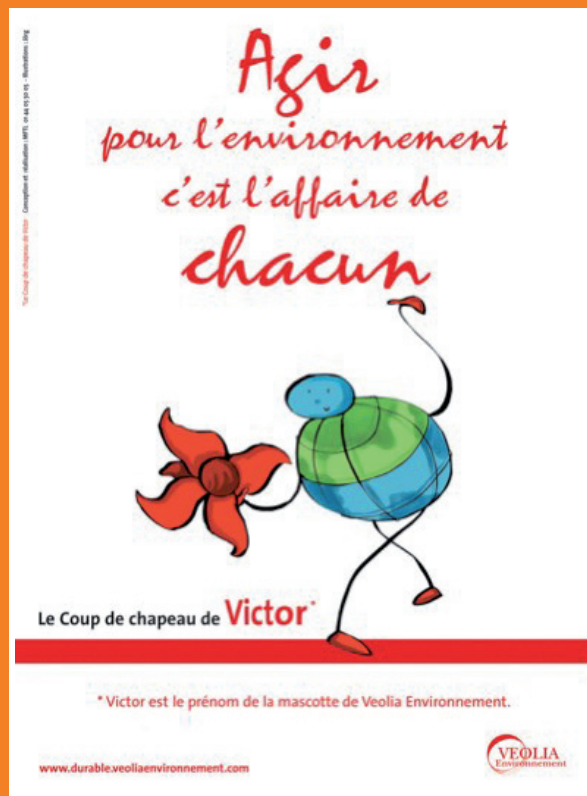
For nearly six years, Veolia Environment has been running campaigns aimed at inciting consumers to save water and energy. They have been initiated by subsidiaries, where contracts with cities sometime require Demand Side Management measures. The Group supports this approach through the creation of a mascot, Victor, an associated newsletter, awards for externally developed initiatives, a school book and an [educational kit for schools](#) which has been translated by several local subsidiaries, all focused on water savings and protection.

The examples of local initiatives include:

- “You’ve got water... take care of it!”, a campaign run in Mexico which aims at raising awareness on the social consequences of over-consumptions in a context of water scarcity. In the same country another campaign, “Save water” compare water with an endangered species.
- In Columbia, Veolia Water developed an educational campaign targeting 5-10 years old children and using a mascot Grifito.
- In Lituania, they launched a press campaign to promote individual heating regulator in order to save energy.
- In the UK, they developed educational [websites](#) and community-based campaigns on waste reduction.

Impact and limits

While no robust follow-up have been communicated to us, according to the Group the impact on both customers attitudes and behaviors have been positive.



Sociedad General de Aguas de Barcelona (AGBAR)



Sector: Water services

Country: Spain

Signed Global Compact: 2002

Website: www.aiguesdebarcelona.es

Profile: This group counts 230 companies, operating in 3 continents (Asia, Europe, America). It is a utility specialised in water services. It employs 30,000 people and provides 37 million people with water.

Sources: Profile submitted by AGBAR, complementary questionnaire and interview

Facts and figures

- Product/service: water services
- Audience: consumers
- Period: from 1999 to 2004
- Delivery medium: Direct marketing ([billing stuffer](#)), Internet (interactive monographic modules), promotional products (presents for schools, for facility visitors and thanking customers answering to the pools).
- Budget: 100,000 euros over the five past years (representing 14% of the company's communication line).

Context

During the 90's, Spain has experienced heavy droughts. This put AGBAR in a difficult situation. The company is the main water supplier in this industrialized and dynamic region. It had to put everything in place in order to avoid a shortage in the water supply. Otherwise AGBAR would have been exposed to high reputational risks. One of the options was buying water from another supplier but this would not have been cost effective. Instead, AGBAR decided to communicate on a permanent basis on responsible practices to save water even when there are no droughts.

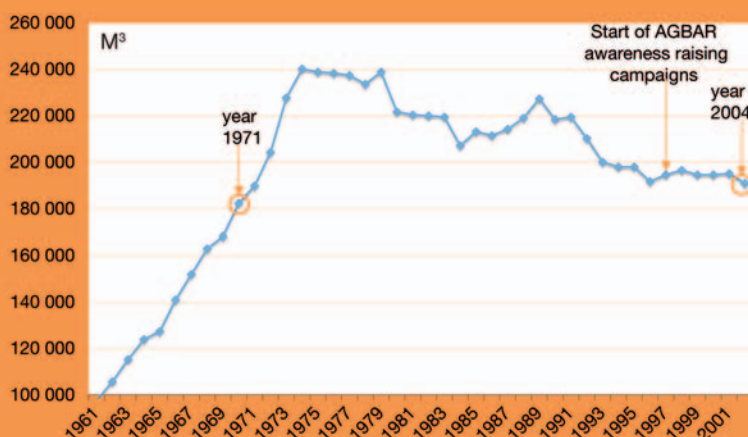
Objectives

- To raise awareness on the use of water among private individuals.
- To inform and educate about responsible consumption of water for households.
- To make a clear commitment to the protection of the environment.

Results

According to a 2000 AGBAR's survey, about 20% of the customers considered themselves informed about rational use of water, thanks to the campaign. The actual impact of the campaign on behaviors is difficult to assess. According to AGBAR the campaign contributed to significant water savings through changes of habits but also switch to more efficient home appliances and the application of a water tax. However statistics suggest that the impact has not been dramatic, since there had already been a continuous decrease for five years before the campaign was implemented. Furthermore, the campaign coincided with a high press coverage of water scarcity issues. In 2005, AGBAR geared up with the introduction of TV ads for a 275,000 euros budget.

Fig. 43: Water consumption per capita in Barcelona area



Kia Motors / Sedona

Sector: Automotive

Country: United Kingdom

Website: www.kia.co.uk

Profile: In the last few years, the Korean carmaker has experienced a strong international expansion. It is still a challenger in the UK market.

Source: Publicly available information



Campaign highlights

As a new player on the UK market, Kia took advantage of the public debate on climate change to differentiate from competitors. They promoted an environmentally sound use of cars that consisted in switching to non motorized transportation for short trips. To back this positioning, they offered a bike for each Sedona car purchased and supported the [“Walking Bus” initiative](#), which consisted in organizing walking school buses in various cities to avoid car

use for school drop-offs. Kia used [printed ads](#) and website over the year 1999. The website and the walking bus initiative are still active.

Impact and limits

Even though this initiative is praiseworthy for the sector, neither the Sedona nor the rest of Kia’s car range do show significant environmental performances compared to competition.

Carrefour France / Consuming Better

Sector: Retail

Country: France

Signed Global Compact: 2001

Website: www.carrefour.fr

Profile: Created in 1959, Carrefour is now the European leader (and the world second) in the retail sector. It operates within 28 countries, employs 430,000 people and its sales amounted to 90,681 bn euros in 2004.

Source: Publicly available information



Context

For years, Carrefour France has developed an approach based on safety and quality for its own-brand food products, including a voluntary ban of GMOs products. However, along with most of its peers, Carrefour has been criticized by anti-advertising groups and some environmental NGOs for inciting to “over-consumption” through marketing and advertising. In 2002, for the Environmental Day, Carrefour conducted a survey based on a panel of 36,000 customers and 21,000 employees. 90% of them expressed the feeling that Carrefour had to play an important role in environment protection.

Campaign highlights

In this context, Carrefour France launched in 2004 an advertising campaign entitled “Consuming Better” mixing press ads, billboards, a [dedicated section](#) of their website and in-shop communication. It focused on five topics: low prices, best quality-price ratio, product information, commitment to make the shopping faster and more pleasant, respect for

people and the environment. Regarding this last point, Carrefour used a motto directly inspired by the anti-advertising movement: “Stop consuming more to consume better”.

Impacts and limits

While this “anti-consumption” message was only one out of a dozen, it has been seen as provocative and inconsistent with Carrefour’s approach by some environmental NGOs and consumers associations. Indeed, while a lot of educative information on sustainable consumption appears on Carrefour’s website, the company did not link the advertising campaign with any drastic change towards prevention of over-consumption, such as social marketing programs or major evolutions in its core marketing approach. Furthermore, shortly after the launch, the French government asked retailers to actively support consumers’ purchasing power. To compete with other retailers in this new context, the second phase of the campaign mostly focused on low prices, thus strengthening the suspicion of inconsistency.

AISE / Washright



Sector: Chemicals

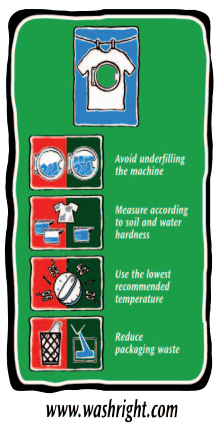
Country: Europe

Signed Global Compact: -

Website: www.aise-net.org

Profile: AISE (International Association for Soaps, Detergents and Maintenance Products) is an industry association composed of 35 local associations established within 31 countries, mainly in Europe. It gathers 900 companies and covers a 90% market share in Europe. AISE promotes the common interests of the sector and provides them with advice and support.

Sources: Profile submitted by AISE, Code of good environmental practice – final report (2003), AISE's speech in the Responsible Advertising and Communication Initiative (2005), interview



Facts and figures

The Washright campaign was designed by the industry to target European consumers (15 member states plus Norway, Iceland and Switzerland). It aimed at promoting an eco-friendly use of laundry detergents and was initially planned for 5 years. Companies and local industry associations have been in charge of its implementation through:

- Educational tools including sketches on all packagings, leaflets in stores and national websites (from 1998).
- Printed and radio ads (from 1999).
- Finally TV ads broadcasted regularly from 2000 to 2003 in order to reach at least 70% of European households twice. They include a 15 seconds industry ad and tags-ons in participating companies ads.

The allocated budget amounts 10 million euros per year which is quite modest compared with traditional advertising expenditure in the industry (in France, advertising expenditures for the leading laundry detergent, amounted 17 million euros in 2003). However it appears as significant when compared to governmental investments in such campaigns: the European Union spending about 3-4 million euros per campaign on topics such as the Ecolabel, fairtrade or sustainable energy.

Context

In 1997, AISE was finalizing its Code of good environmental practices. Environmental objectives were set up, mostly based on a Life Cycle Analysis of laundry detergents (fig. 44), which highlighted the critical role of the use and disposal phases. The code therefore focused on two levers:

- Chemical formulation and product design (tablets, pouches, refillable bottles, etc.).

- Responsible use of laundry detergents by consumers
An awareness raising appeared to be the most appropriate way to progress on this second aspect.

As shown in fig. 45, the objectives covered four aspects: packaging savings per capita, water pollution (Poly Biodegradable Organic materials) reduction per capita, detergent savings per capita and energy savings per wash, the last two ones being closely linked to consumers behaviors. These objectives have been negotiated with the European Commission⁷¹ in order to avoid a more regulatory approach.

Results

A survey⁷² conducted across Europe showed that:

- 75% rated the campaign from good to excellent
- 55% of the people prompted and 35% of unprompted remembered the campaign.
- 81% said they were likely to follow the Washright recommendations.

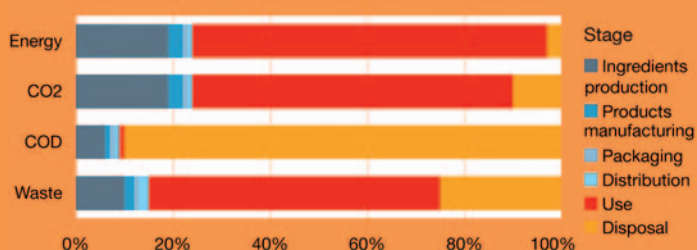
More precisely, 79% use lowest recommended temperature, 76% avoid underfilling the machine and 64% adapt the amount of detergent to water hardness. Consumer surveys and sales statistics from participating companies⁷³, showed that good progress has been made even if some targets have only been partly achieved (fig. 45). As a result the EC did not recommend further regulation to the Parliament.

⁷¹ Commission's recommendation of 22 July 1998 - C(1998)2163

⁷² AISE omnibus survey

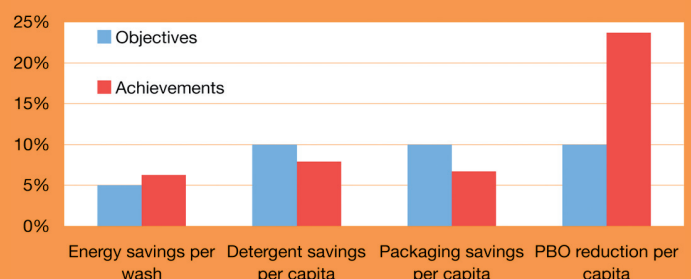
⁷³ Consumer survey in 15 European countries conducted by Taylor-Nelson-Sofres, data on machines electricity consumption collected by CECED, product formulation and design collected among AISE companies and audited by PwC

Fig. 44: Life cycle analysis of a standard laundry detergent



Note : COD stands for Chemical Oxygen Demand

Fig. 45: Achievements versus objectives



III – How can I do it?

Recommendations and tools
for practitioners



What are the key tips to communicate effectively?

In this section, we draw recommendations from existing research and case studies, for marketing departments of large companies.

1. Don't rely too much on surveys

Within the last 20 years, innovation which used to be technology-driven, has become market research-driven in most consumer products industries. When planning to launch a green product, relying too much on surveys can create a double risk:

- If the concept is entirely new, you will face a chicken and egg problem. For instance no consumer among panels will be enthusiast about fairtrade coffee, if he/she is not aware of socio-economic issues faced by small farmers.
- On the other hand opinion surveys will tell you that 30-40% of consumers are ready to purchase on ethical grounds while the market for such products still sticks to 1-4% (📌 page 15).

So forget about chicken, eggs and polls, draw inspiration from successful ideas among case studies and innovate! In most B2C markets, strong drivers exist beyond direct revenues. Use page 11 of this report, and talk to strategic, legal or corporate responsibility (CR) departments to demonstrate the business case for your sector and sell your project internally.

2. Don't compromise

Quality, convenience and price are the primary expectations of most consumers far beyond sustainability issues. Given the poor record of green products in this field, the "G. word" will automatically generate skepticism (📌 pages 9, 20, 31). So if you want to go mainstream, don't compromise, reassure consumers, and don't rely exclusively on a sustainability-related selling pitch (📌 page 15).

3. Set ambitious commercial goals

Case studies suggest that corporate image is for many companies a primary driver to launch a green product, before revenues (📌 page 33). This lack of genuine commercial goals often translates into poor product availability, inadequate pricing and a low profile promotion. So, avoid associating your brand name with a commercial failure and set ambitious goals.

4. Understand issues and products

The analysis of communication tools and some discussions we had with communication departments clearly show a low level of understanding of the products specificities and the sustainability issues at stake in many cases. What may not be critical on a traditional shampoo, put the marketing strategy at risk when it comes to sustainable lifestyles marketing. So break the silos, talk to Research & Development (R&D) teams, CR man-

agers and learn how to read a Life Cycle Analysis⁷⁴. Then you will be able to really understand the added value and limits of your product and market it accordingly.

5. Be punchy but not simplistic

Understanding the environmental or social added value of a product could prove to be a very complex exercise. You have however to communicate it to consumers in very simple words while avoiding non specific, overpromising or misleading claims. To do so:

- Communicate on both the product added value and the sustainability context (📌 Stonyfield Farm, page 23).
- Ensure compliance of your brand names, claims and packaging with regulations, the ISO 14021 standard and the ICC Environmental Code of Advertising (📌 page 49). Consult consumer associations and NGOs when you have a doubt.
- Use labels to make your claims more comparable and credible (📌 page 25). Only use homemade labels with caution and explanation, when externally developed labels lack or are obviously inappropriate (📌 page 26).

On the other hand and despite of all these rules, the product or the behavior you want to promote needs to look sexy⁷⁵ if you want to sell it beyond activists:

- Use models and endorsements to associate your product with a positive social status or connect it with the real world of consumption to overcome the habits' barrier (📌 page 22 to 34).
- Empower consumers by showing them the lever they have on impacts and issues (📌 page 32), especially if you plan to use threatening messages to raise awareness.
- Team up with peers, NGOs or governmental organizations to run social marketing campaigns in order to raise consumer awareness (📌 page 19).

6. Back your claims

Sustainable Lifestyles Marketing is the area where the lack of trust in companies is clearly an issue: in Europe and the US, CEOs are considered as credible source to provide accurate information on their company by only 20-25% of people, vs more than 47% for an NGO⁷⁶. In this context, we recommend to:

- Build partnerships with credible NGOs (📌 page 19).
- Support accountability of certification schemes (📌 page 25).
- Provide robust and transparent information to back claims through websites, leaflets and PR (📌 page 20).
- When possible (e-commerce for instance) link product information with corporate non-financial reporting to provide consumers with a full product scorecard (📌 page 15).

⁷⁴ Analysis of the environmental impacts of a product from cradle to grave

⁷⁵ See Futerra's ten rules for communication on sustainable development in Opportunity Space, SustainAbility/UNEP/EACA (2003)

⁷⁶ MORI (2003/2004)

Fig. 46: Decreasing the consumers' barriers to sustainable consumption

■ Main tools for the considered barrier

Barriers perceived	Communication	Other aspects of marketing	Other levers
Lack of information and awareness	<ul style="list-style-type: none"> Advertising campaigns Use of well-known labels (↗ page 25) Educational websites, leaflets, packaging and in-store communication (↗ page 19) 	<ul style="list-style-type: none"> Proper training of marketers and sales forces (↗ page 19) 	<ul style="list-style-type: none"> Support to public awareness campaigns, databases and benchmarking surveys
Lack of trust in claims	<ul style="list-style-type: none"> Endorsements & labels Linking products and reporting (↗ page 15) 	<ul style="list-style-type: none"> Independent certification (↗ page 25) Procedures to prevent irresponsible marketing practices (↗ page 9) 	<ul style="list-style-type: none"> Support to certification schemes Implement a Corporate Responsibility strategy and reporting (↗ page 20)
Not sexy / trendy	<ul style="list-style-type: none"> Use models such as movie stars, etc. (↗ page 13) Avoid over-technical claims 	<ul style="list-style-type: none"> Do not design it only for "true blues" Sponsorship and endorsements (↗ page 13) 	
Habits	<ul style="list-style-type: none"> Use role models, norms and commitments (↗ page 10) 	<ul style="list-style-type: none"> Offer free tests of product/services Use behavior change tools (↗ page 10) 	<ul style="list-style-type: none"> Support the phase out of "old" products
Lack of quality and/or functionality	<ul style="list-style-type: none"> Re-assurance on basic functions (↗ page 32) 	<ul style="list-style-type: none"> Aim at differentiation rather than designing it only for "true blues" (↗ page 6) Certify other aspects of quality (↗ page 32) 	<ul style="list-style-type: none"> Good quality management
Poor availability	<ul style="list-style-type: none"> In-store communication (↗ page 25) 	<ul style="list-style-type: none"> Properly train sales forces to maximize distribution 	<ul style="list-style-type: none"> Contact retailer's CR manager to facilitate negotiations
Too expensive	<ul style="list-style-type: none"> Show the economic benefits (energy savings, etc.) (↗ page 32) 	<ul style="list-style-type: none"> Do not target only the A class Offer consumer credits/spread out payments to compensate the extra-cost (↗ page 16) 	<ul style="list-style-type: none"> Lobby for stricter standards (↗ page 20) and financial incentives (tax and subsidies)

Sources: Utopies / barriers identification based on surveys from MORI (UK), Carrefour Group (World) and NCC UK

7. Rethink communication channels

Given the need to communicate both punchy messages and complex information to consumers with very different level of awareness, communication channels need to be rethought:

- Pioneer companies tend to use extensively their websites, packaging and stores to educate on issues and inform on products features (↗ page 19).
- TV advertorials (↗ Toyota, page 34) or product placement in soap operas (↗ Natura, page 21) are used to reach mass audience with educational content.
- Traditional advertising can be used to inform on a new product when the underlying issue is well understood by consumers – car market for instance. But be careful, when the customer attention is caught, the downstream marketing chain needs to follow: in many sectors such as car dealing or bank retail, sales teams are often not trained at all to understand and explain the benefits of green tech or ethical funds.

8. Think beyond communication

Given the price premium and the perceived lack of convenience of some green products, communication is definitely not enough. Fig. 46 tries to sum up the various tools used by companies to find solutions. So before starting a communication program, map all barriers and build an integrated strategy.

9. Show consistency

The better the visibility, the greater the exposure to critics of "greenwashing" (↗ page 20), especially when the business case is not obvious like for demand reduction campaigns. To really bridge the credibility gap and fully benefits from your approach, you need to consider the alignment of your company's other practices with the principles and values promoted:

- What is the public acceptance of the marketing methods used, are they environmentally-friendly?
- Are your other marketing campaigns consistent with you sustainability goals? (↗ page 38).
- Is your Corporate Responsibility approach robust, especially regarding transparency and non-financial reporting? (↗ page 20).
- Is Sustainable Lifestyles Marketing used as a lobbying tool to preventing more stringent standards? (↗ page 16).

10. Close the loop

In many cases, robust data lacked to allow a comprehensive analysis of the marketing campaigns' effectiveness on consumption:

- Does it change anything to attitudes or behaviors?
 - Is there a negative side effect? (↗ page 26).
 - What is the impact on industry practices? (↗ pages 21, 32).
- Most questions remain unaddressed. So, both for internal learning purpose and to empower consumers through feedbacks, we strongly recommend to run and communicate post-campaign assessments (↗ AISE, page 42).

Where do you stand?

You are about to launch a green marketing campaign and you want to make sure that it will be successful, both from a business and sustainability perspective. Test it!

Product and business characteristics

How does your product compare with competition regarding the sustainability aspects promoted?

I don't know

- Slightly better
- ▲▲ Far Better

This aspect apart, is your core business associated with major sustainability risks?

Somehow, yes

- ▲ Yes, but this product is not concerned
- ▲▲ Not that I know of

How does your product compare with competition regarding the primary expectations of most consumers⁷⁷?

Not as good

- We made strong efforts to make it competitive
- ■ It is in line or better

Green claims

Is your green claim specific ?

Not really

- Yes, the benefit is precisely described
- Yes, the benefit is quantified

Can consumers easily access evidence that back your claim?

Not really

- ▲ Yes, through specific public reporting (available online, in-store, etc.)
- ▲ Yes, directly on the product through third party certification or endorsement by a credible NGO

Selling pitch/message

Did you make sure that the consumers are sufficiently aware of the underlying issue?

Not really

- Yes, the issue is well covered by the media
- ▲ Yes, we run/support specific educational campaigns

Do you empower consumers?

Not really

- Yes, we highlight the impact of their purchase
- Yes, we provide a feedback on the overall impact of the product's sales

Do you reassure consumers on the product's basics?

No

- Yes, it is a key selling point
- ■ Yes, through easy access to detailed specifications and/or external ratings

⁷⁷ Usually price, functionality, quality and sometimes the "emotional value" (♦ page 14).

Distribution

Did you train your sales force so as they fully understand the product/claim?

No

- ▲ Yes, it is integrated in the briefing pack
- ■ Fully, we even monitor the effectiveness of our programs

Is your product available to most consumers?

No

- ▲ Yes, it is available in major stores
- ■ ▲ Yes, it is available as standard products

Corporate alignment

Do you aim at aligning your other marketing practices and product offer with current green marketing efforts?

No

- ▲ Yes, in the long-term
- ▲ ▲ Yes, we have a precise action plan for that

Do you lobby for new regulatory measures to boost the attractiveness of your product?

No

- Yes, we advocate for specific incentives regarding this product
- ■ ▲ Yes, our overall lobbying approach is geared towards this aim

Fig. 47: Your scorecard

Area	Number of symbols	What should I do if I score poorly?
● Will you convince conscious consumers?	0 5 10	Take sustainable lifestyles marketing seriously! Marketing a green product is a complex task, which requires specific tools, check tips #4, 5, 6 and 7 in the previous section (📌 page 44).
■ Will you be able to reach mainstream consumers?		A non-selling green product doesn't help anyone! If you don't want to reach only a small niche, check tips #2, 3 and 8 in the previous section.
▲ Will all this positively affect your corporate reputation?		Be careful, you may be accused of "greenwashing"! A green product constitutes an ineffective shield, not to say a risk of backlash, if it doesn't go hand in hand with a minimum level of corporate commitment. Check tips #4, 6 and 9 in the previous section.

Where to find more resources ?

To download the documents or access the websites, please go to www.talkthewalk.net where you will find an interactive index.

Consumption challenges

State of the World 2004 – Special Focus: The Consumer Society, Worldwatch Institute (2004)

A series of articles detailing the extent and urgency of global sustainable challenges, focusing on consumption behaviors and the notion of human well-being.

Resource Kit on Sustainable Consumption and Production, UNEP (2004)

Gives an overview of production and consumption problems and indications for possible solutions in areas of important environmental impact, including: energy, water, food, tourism, mobility, housing, and advertising activities.

Sustainable Consumption: A Global Status Report, UNEP (2002)

Reports on changes since Agenda 21 was published in 1992. Looks at the meaning of consumption, defines Sustainable Consumption and shows ways to make it operable and quantifiable.

youthXchange, UNEP / UNESCO (2004)

A guidebook that aims to inform young consumers about the challenges of sustainable consumption and how to contribute their bit. Education for sustainable consumption is a social strategy to enable students to start making informed and responsible decisions. It encourages critical thinking, self-reflection, media analysis, critical decisionmaking, and a problem-solver approach.

Journal of Industrial Ecology 9-1/2, Winter/Spring 2005 MIT Press (2005)

Features a selection of free articles from scientists, sociologists, and environmental experts on societal change and consumption patterns.

Lifestyles, attitudes, and behaviors

Sustainable Motivation: Attitudinal and Behavioural Drivers for Action, MPG International (2004)

The authors argue that sustainability remains an underdeveloped marketing argument because its leverage is tied to the need for cultural change in consumer attitudes. Current marketing potential is identified as concentrated in the area of corporate social responsibility.

The Cultural Creatives: How 50 Million People Are Changing the World, Paul Ray / Sherry Anderson, Three Rivers Press (2001)

This sociologist describes cultural creatives as a group that has no established leaders, no professed ideology and no cohesive sense of community. However, the members of this group shape their decisions on humanistic ideals and life-styles that are eco-friendly. The 50 million cultural creatives in the United States and their 50 million counterparts in Europe make up about 25 percent of the respective populations. Tapping into this market of conscientious consumers is a huge business opportunity.

Marketing Risks

Food Manufacturing: Obesity the Big Issue European Equity Research / JP Morgan (2003)

Food manufacturers are aware of the risk of obesity although they decline to comment about it. Litigation sheds a negative light on food ma-

nufacturers, whether it is successful or not. A ban on food advertising to children is an option (cf. tobacco), companies should act before it comes to that. They must transform themselves, regardless of potential regulation or litigation.

Absolute Risk of Obesity, Global Equity Research / UBS Warburg (2002)

Even a gradual change in the rules on marketing, labelling, advertising, etc. could have substantial impact on food and drink company profitability. That leaves the food and drink companies with only one clear option: to develop more healthy alternatives before regulation and legal action becomes a serious threat to profitability.

The Changing Landscape of Liability: A Director's Guide to Trends in Corporate Environmental, Social and Economic Liability, SustainAbility (2004)

This report makes the case that the landscape of liability – and therefore the risks for companies and to shareholder value – is changing and changing rapidly. It covers the areas of climate change, human rights, obesity, and legacy issues and calls on companies to shift from passive to active corporate responsibility as the best way to mitigate risk to shareholder value.

Marketing opportunities

Can sustainability sell? McCann-Erickson Worldgroup/ UNEP (2002)

Explains why marketers must not ignore sustainability as a convincing sales argument. Provides a number of case studies of past successful sustainability campaigns.

Industry as a Partner for Sustainable Development, EACA / WFA / UNEP (2002)

This report is a contribution from the advertising sector to the deliberations at the World Summit for Sustainable Development, Johannesburg, in September 2002. The report describes business-building opportunities in areas where advertising can contribute to sustainable development. It also highlights the challenges ahead for the sector.

Meeting Report of the Global Compact Policy Dialogue on Sustainable Consumption, Marketing and Communications, UNEP (2004)

Shows the process through which the idea for this guidebook was born. Participants of the meeting agreed that there is a need to deepen the understanding of the issues of marketing and sustainability and expressed their wish to receive further guidance.

Opportunity Space: How Communications Agencies Can Turn Corporate Social Responsibility into Business SustainAbility / EACA / UNEP (2003)

A guide directed at marketing and communications agencies. Companies must build trust and credibility for their environmental brands and claims. Ten steps to success are introduced to achieve these goals.

Brands

Corporate Brand and Corporate Responsibility Market and Opinion Research International MORI (2003)

Brands are about trust. Trust is created – and destroyed – in a complex and changing way. Corporate responsibility lies at the heart of this change, which has important implications for communications strategy and brand management.

Driving Success: Marketing and Sustainable Development, University of Cambridge / World Business Council on Sustainable Development (2005)

Describes opportunities for marketers to use sustainable development as a lever of brand innovation, rather than the usual 'greenwashing.' Also points at opportunities for sustainable business and marketing in the developing world.

The Role of Marketing at the Business/Consumer Interface, MPG International (2005)

The report evaluates the role of marketers in encouraging cultural change within their own organizations in order to help build an image of corporate responsibility which can then be used to compete successfully.

Green marketing

Brand Green: Mainstream or Forever Niche? Wendy Gordon, Green Alliance (2002)

Gives an insight into the mind of the consumer and the implications for connecting green brands to everyday lives. Concrete ideas are suggested on how business, governments, NGOs, and the consumer can move to bring environmental values to the heart of business strategy.

Green Marketing: Opportunities for Innovation, Jacquelyn Ottman, Ottman Consulting (1998)

Gives highly usable practical examples, as a guide for providing information to customers on the environmental quality of products.

Green Marketing, Public Policy, and Managerial Strategies, Aseem Prakash, Business Strategy and the Environment, Wiley InterScience (2002)

An inclusive introduction to the challenges and opportunities of green marketing, both for businesses, and non-governmental or public actors.

Green claims

Code, Guidelines and Frameworks for Marketing and Advertising, International Chamber of Commerce (ICC)

This document has been used by national Self-Regulatory Organizations across the world as a basis to elaborate codes for responsible advertising.

ISO 14021: Environmental Labels and Declarations - Self-declared environmental claims, International Organization for Standardization

This International Standard specifies requirements for self-declared environmental claims regarding products and services, including statements, symbols and graphics, regarding products. It further describes selected terms commonly used in environmental claims and gives qualifications for their use.

The Green Claims Code: Is it working? National Consumer Council (1999)

In 1998 the UK government launched the Green Claims Code, a voluntary code of practice. The code sets out clearly what a green claim should be (specific, accurate, verifiable), and what it shouldn't be (vague, extravagant, irrelevant, misleading). This report gives a critical account of the efficiency of this voluntary code, denouncing the lack of a strong sanctions mechanism as a serious barrier to effectiveness.

Green Claims: Environmental Claims on Products and Packaging in the shops, Consumers International (1999)

This survey investigates the environmental claims made by manufacturers on products and packaging in 10 countries.

Green Food Claims: A Comparative Survey, Consumers International (2004)

Food labels can be misleading or confusing for consumers. This eight country survey on self-declared green claims demonstrates the need for clear and unambiguous labelling and verified claims on food.



Social marketing

Hands-on Social Marketing, Nedra Weinrich, Sage Publications (1999)

Explains the basic process of developing and implementing a social marketing campaign with the help of a clear, step-by-step approach.

Fostering Sustainable Behavior: An Introduction to Community-Based Social Marketing, Doug McKenzie-Mohr, William Smith, New Society Publishers (1999)

Introduces the concept of social marketing as a means to identify and overcome barriers to long-lasting behavioral change. A guide to designing public education programs with the goal of promoting sustainable behavior, from recycling and energy efficiency, to alternative transportation.

Marketing Social Change: Changing Behavior to Promote Health, Social Development, and the Environment, Alan Andreasen, Jossey-Bass Publishers (1995)

An approach to solving a range of social problems including drug use, smoking and overpopulation – by applying marketing techniques and concepts to change behavior.

Social Marketing: Improving the Quality of Life, Philip Kotler / Ned Roberto / Nancy Lee, Sage Publications (2002)

Analyzes product-market fit, positioning, distribution channels, and the mobilization of influence groups in the field of social marketing. Gives mini-case histories and information about successful techniques, like direct mail and mass media usage. Covers the entire process from developing a marketing plan to final program evaluation.

Responsible Marketing

Consumer Charter for Global Business, Consumer International (1997)

This charter is based on eight consumers' rights (the right to basic needs, safety, a fair hearing, redress, choice, information, education and a healthy environment) and is applicable to companies.

Responsible Advertising and Communication Initiative
Launched by Utopies in 2005, this initiative gathers companies willing to improve their marketing and advertising practices. A preliminary reporting, including a benchmarking survey has been published in 2004. A full report and an online database of case studies will be released in mid-2006.

About the UN Global Compact

Launched by United Nations Secretary-General Kofi Annan in 2000, the UN Global Compact brings business together with UN agencies, labor, civil society and governments to advance ten universal principles in the areas of human rights, labor, environment and anti-corruption.

Through the power of collective action, the Global Compact seeks to mainstream these ten principles in business activities around the world and to catalyze actions in support of broader UN goals.

With over 2,300 participating companies from more than 80 countries, it is the world's largest voluntary corporate citizenship initiative.

For more information,
see www.unglobalcompact.org

About Utopies

Utopies was created in 1993 in Paris in order to help companies to become more socially and environmentally responsible in their everyday business. Today, Utopies has four main activities:

- Research and workshops (studies, industry-specific initiatives, etc.).
- Advisory services (stakeholder engagement, issues and risks mapping, gap analysis, strategic planning, KPI development, implementation, etc.).
- Information (newsletter, seminars, conferences, training programs).
- Participation in expert committees (BT and AccountAbility's stakeholder panel, SustainAbility/UNEP's Global Reporter Survey selection committee, etc.).

Utopies has served more than 60 clients since its creation, ranging from medium-size committed organizations to large international groups.

Recent initiatives related to sustainable lifestyles marketing:

- > A workshop held during our latest Better World Business Forum was dedicated to the takeover of alternative players by mainstream groups, with the founders of various pioneers acquired and top managers from the acquiring groups as keynote speakers.
- > In January 2005, Utopies launched the Responsible Advertising and Communication Initiative. This workgroup gathers companies willing to improve their practices on issues related with their responsibility as advertisers.
- > Finally we recently delivered consulting services related to sustainable lifestyles marketing to various clients both "pioneers" and "mainstream".

For more information,
see www.utopies.com

About the UNEP Division of Technology, Industry and Economics

The UNEP Division of Technology, Industry and Economics (DTIE) helps governments, local authorities and decision-makers in business and industry to develop and implement policies and practices focusing on sustainable development.

The Division works to promote:

- > sustainable consumption and production,
- > the efficient use of renewable energy,
- > adequate management of chemicals,
- > the integration of environmental costs in development policies.

The Office of the Director, located in Paris, coordinates activities through:

- > **The International Environmental Technology Centre** - IETC (Osaka, Shiga), which implements integrated waste, water and disaster management programmes, focusing in particular on Asia.
- > **Production and Consumption** (Paris), which promotes sustainable consumption and production patterns as a contribution to human development through global markets.
- > **Chemicals** (Geneva), which catalyzes global actions to bring about the sound management of chemicals and the improvement of chemical safety worldwide.
- > **Energy** (Paris), which fosters energy and transport policies for sustainable development and encourages investment in renewable energy and energy efficiency.
- > **OzonAction** (Paris), which supports the phase-out of ozone depleting substances in developing countries and countries with economies in transition to ensure implementation of the Montreal Protocol.
- > **Economics and Trade** (Geneva), which helps countries to integrate environmental considerations into economic and trade policies, and works with the finance sector to incorporate sustainable development policies.

UNEP DTIE activities focus on raising awareness, improving the transfer of knowledge and information, fostering technological cooperation and partnerships, and implementing international conventions and agreements.

For more information,
see **www.unep.fr**

**Can corporate marketing foster sustainable consumption?
What are the business drivers?
What are the key tips to communicate effectively?**

To address these questions, this study sums up the existing research and statistics on consumers' attitudes and behaviors, and puts them into the context of the actual success of "green" products and sustainable lifestyles marketing strategies. Then, based on an in-depth analysis of various marketing strategies and campaigns from both small alternative companies and mainstream groups in industries such as clothing, cosmetics, detergents, food retail, automotive or water management, the study identifies the key factors of success and provides a toolbox to practitioners. Finally, the report serves as an index for an online database of TV, press and outdoor ads taken from the campaigns studied.

**An interactive PDF version of this report as well as additional resources can be found on:
www.talkthewalk.net**

www.unep.org

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