HOW CAN MARKETERS BUILD SUSTAINABLE SUCCESS?
Over the last year the Marketplace Leadership Team has taken a long, hard look at ‘sustainable marketing’ because today’s CSR is being led by the marketing and sales team as much as the corporate centre.

We looked beyond the buzzwords to find out if, and how, businesses are creating and marketing sustainable brands for the future. Through meetings with over 60 leading marketers we debated ways to generate competitive advantage, connect with consumers and customers, and tackle social and environmental issues.

In this document, we share the insights and key questions marketers should act on. By building sustainability into - instead of onto - brands, we’re creating a new, more authentic breed of CSR.

Campaigns are bigger, better and longer lasting than ever before. They’re built by brand champions who blend a desire to make a difference with the drive to make money.

The range of opportunities is incredible. And the innovation and passion being applied is impressive. It’s about brands which are environmentally, socially, commercially and financially sustainable.

Some call this ambitious. I say it’s essential. Quite simply it’s just good business.

Chair, Marketplace Leadership Team
Business in the Community
CEO, Cadbury PLC
Simply put, we are facing a series of major global issues. We don’t have enough planet to sustain our lifestyles. We need three planets in order to sustain the UK’s current levels of consumption, or a massive five planets to sustain North America’s current level of consumption.* Add to this the many social problems of excessive consumption, such as long term ill-health, and the issues are too great to ignore any longer.

Marketing has been seen as part of the problem… it has helped create the very unsustainable habits we need to change. Historically marketing has been a powerful tool to sell more volume and make more profit. This won’t be a sustainable model for growth in the future.

*WWF One Planet Living

The status of brands has given them the ability to extend themselves across many markets, without losing their meaning. Into the future, there are big opportunities for brands and marketers to contribute to the solution and future proof their businesses by adopting a more sustainable approach to marketing.
WHAT IS SUSTAINABLE MARKETING?

It is about influencing customer behaviour to create both profit and positive societal change.

IT IS ABOUT WHAT YOU MARKET

Creating brands and companies that are fit for the future both commercially and for society.

AND THE WAY IN WHICH YOU MARKET

Actively managing your responsibilities to customers, and being open and honest in your communications.
"Sustainability isn’t just a marketing ploy, or something we do to make us feel good about ourselves. We believe it is absolutely critical to our future success. It’s our responsibility to make sure that we do business in a way that is sustainable and makes a positive contribution to the environment and society."

Cathryn Sleight, Marketing Director, Coca-Cola
Cadbury Bringing Fairtrade to the mainstream

THE OPPORTUNITY
Cadbury has sourced cocoa from Ghana for 101 years. When research commissioned by Cadbury showed that cocoa farming in Ghana had become less attractive to the next generation of farmers, Cadbury seized the opportunity to further develop the livelihoods of cocoa farmers, strengthening its supply source and its relationship with customers and consumers.

Cadbury launched the Cadbury Cocoa Partnership in 2008 and achieved Fairtrade certification for Cadbury Dairy Milk in a groundbreaking move for Cadbury’s flagship brand in 2009. Ethical consumerism was growing and consumer recognition of the Fairtrade logo was also accelerating, with awareness high at around 70%. The move to Fairtrade certification for the nation’s favourite chocolate bar has contributed to a ‘Tipping Point’ for the Cadbury Dairy Milk brand and share their thoughts on the beginning of the creative process. Here, consumers were able to interact directly with the Cadbury online blog to engage the ethical elites at the very heart of the creative process. Here, consumers were able to interact directly with the Cadbury online blog to engage the ethical elites at the very heart of the creative process.

THE STORY
Cadbury’s ‘performance driven, values led’ culture can be traced back to its Quaker roots almost 200 years ago. Cadbury first began selling drinking chocolate as an alternative to alcohol, ensuring that the price of its products were accessible to all. The company guaranteed high quality products whilst providing pioneering workers benefits with the development of a ‘Factory in a Garden’. This approach to responsible business practice is as true today for Cadbury as it was then. Cadbury promotes ‘Principled Capitalism’; the notion that doing good is good for business and sustainability commitments are deeply embedded into business strategy.

Cocoa is a vital raw material for Cadbury and in 2008 Cadbury published research into cocoa production. The research, led by the Institute of Development Studies and the University of Ghana, showed that the average production in some cocoa farms had dropped to 40% of their potential yield. Even though cocoa prices were at an all time high, Cadbury recognised the need to invest in its cocoa growing communities. It was essential to secure the supply of a vital ingredient whilst enhancing the standard of living for its cocoa farmers by improving incomes and developing communities.

The establishment of the Cadbury Cocoa Partnership in 2008 saw Cadbury collaborating with the United Nations Development Programme, local governments, farmers and communities. The partnership represents a £45 million investment over a ten-year period to secure the economic, social and environmental sustainability of around a million cocoa farmers and their communities in Ghana, India, South East Asia and the Caribbean. The Partnership is currently active across 100 Ghanaian farming communities.

Building upon this base of sustainable agriculture, and two years of discussion with the Fairtrade Foundation, Cadbury attained Fairtrade certification for Cadbury Dairy Milk in the UK and Ireland in July 2009. Cadbury then faced an unusual marketing challenge as to how to communicate this move to its heartland audience. Cadbury insights revealed that when analysing the market for ethical consumption, there were three types of consumer groups.

There were the ‘ethical elites’ who are the traditional Fairtrade consumers. These are consumers who are fully committed to seeking out ethical choices and who are willing to pay above the average to support what they feel is right. At the other end of the spectrum were the ‘antis’ who are completely disengaged with the ethical agenda; they had no desire to know about it and they certainly didn’t want to pay more for it. Lastly, but most significantly, there were the ‘feel good factors’. These were by far the largest consumer group and they represented Cadbury’s heartland consumers. These are consumers who are interested in ethics, but not to the extent of compromising convenience, value or taste.

Cadbury needed to communicate successfully with the ‘feel good factors’ without alienating the ‘antis’ or the ‘ethical elites’. The first step was to launch an online blog to engage the ethical elites at the very beginning of the creative process. Here, consumers were able to interact directly with the Cadbury Dairy Milk brand and share their thoughts on the move to Fairtrade. To engage all three audiences, Cadbury decided to develop its communications campaign taking inspiration from the origin of its Fairtrade cocoa; Ghana.

Cadbury Dairy Milk used its advertising construct a ‘Glass and a Half Full Productions’ to engage its audiences; a campaign designed to entertain and make people smile called ‘Zingolo’. Cadbury developed a music track, accompanying pop promotion video and press and poster campaign that showcased the talents of Ghanaian craftsmen, artists, musicians and dancers with a local cast of over 350 people. The pop promotion was filmed in a cocoa producing community that Cadbury work closely with in Ghana, and starred Ghanaian music superstar Tinny. The track is available to download on iTunes and all profits raised go to Ghanaian cocoa growing communities.

The campaign aimed to tell the story of Cadbury and Fairtrade in a realistic and engaging way, celebrating Ghana. Qualitative focus groups took place early on into the concept development process involving Ghanaian community members and consumers in the UK and Ghana. The Fairtrade Foundation were also heavily involved in guiding the development of the campaign.

IMPACTS
Cadbury Dairy Milk’s move to Fairtrade has already delivered significant wins for Cadbury, for the Fairtrade Foundation and for Ghanaian cocoa farmers. Cadbury has strengthened its relationship with its core consumers and built stronger ties in Cadbury’s key chocolate markets with the campaign being welcomed by Ghanaian community leaders both in Ghana and in the UK.

Cadbury has also built on the work of the Cadbury Cocoa Partnership, supporting the sustainable supply of a fundamental ingredient. For the Fairtrade Foundation, the Cadbury move increases Fairtrade UK sales by 25%.

Awareness of the move is also reaching the ‘feel good factors’; after just six weeks on air the ‘Zingolo’ campaign had reached 83% of the UK population with 182,112 views on YouTube and 17,161 Facebook fans. And in Ghana, £500,000 has already been transferred to the cocoa growing communities, as the first installment of the Fairtrade premium.

*Figure correct as of 2008 ** Based on £712 million fairtrade sales in 2008
THE NEXT CHAPTER

Cadbury’s mission to take Fairtrade into the mainstream does not stop with the UK. In August 2009 Cadbury confirmed that three more markets, Canada, Australia and New Zealand are to receive Fairtrade certification for Cadbury Dairy Milk by early 2010. As a result around one quarter of Cadbury Dairy Milk global sales and 350 million Cadbury Dairy Milk bars will be Fairtrade certified in 2010. This will act to quadruple Fairtrade cocoa sales from Ghana to 20,000 tonnes in 2010.
THE OPPORTUNITY
Child labour in your supply chain is something companies are often unaware of. However when Marshalls, a UK landscaping business, discovered child and bonded labour in Indian sandstone quarries, the company set out to expose the problems facing the hard landscaping industry. By making the choice to be transparent about their supply chain and educating their consumer through their marketing, Marshalls has carved out a niche in the market as the unique provider of “Fairstone”.

While more expensive, Fairstone has seen significant take up from customers because of Marshalls’ success in bringing the consumer on their ethical journey.

THE STORY
In 2007, Group Marketing Director Chris Harrop travelled to Budhpura in Rajasthan. Whilst visiting different stone quarries, Chris witnessed children working in harsh conditions, carrying heavy loads, wielding sledgehammers and operating jack-hammers, without protective clothing. Child labour was, and still is, an industry-wide problem.

Research by NGO Hadoti Hast Shlip Sansthan showed that between 15% and 20% of workers in Indian quarries are children, many quarries enforce bonded labour (where labour is demanded as a means of loan repayment) and exploit migrant workers. Often these quarries are illegal and non-compliant with international labour standards and safety laws. With over 2 million square metres of sandstone being imported into the UK from India each year, this is clearly a huge and very real issue.

Marshalls saw it as vital to take action. Not only has the company taken every step to ensure there are no children working in suppliers’ quarries, it has also put in place an education programme for the children of quarry workers as well as paying adult workers a living wage. As part of its ethical supply chain programme and adherence to the Ethical Trading Initiative (ETI) Base Code, Marshalls has partnered with a local NGO, Hadoti Hast Shlip Sansthan, to improve the lives of vulnerable families working the quarries around Bhundi and Kota in Rajasthan. Marshalls has committed investment to promote education in Kota.

Not all of Marshalls’ direct customers are gardeners. Marshalls also deals with merchants and installers. To successfully take this campaign through to the end consumer and create the demand with their customers, Marshalls had to approach its marketing of the issues by widely targeting the end consumer as well as trade, competitors and merchants. Marshalls developed its ‘Marshalls for Sustainable Landscapes Campaign’ to raise awareness of labour issues in Indian Sandstone quarries in the national press. Marshalls produced a booklet, “The Truth About Imported Indian Sandstone” distributed to all trade, consumer and national media as well as leading industry bodies and competitors. Marshalls also got ITV News at Ten to come and do an exposé on the widespread use of child labour in Indian quarries ensuring its message was disseminated as widely as possible. Marshalls’ aim was to make the existence of these practices undeniable for other companies and force them to address it.

IMPARTS
Of course all of this investment on the ground does have a cost implication. The stone that Marshalls source is approximately 25% more expensive as a result. However, Marshalls managed to effectively communicate the industry-wide issues and customers responded strongly to their efforts. Sales in Indian Sandstone, now known as “Fairstone”, increased significantly despite the additional cost. Marshalls’ proactive media advocacy campaign had far reaching effects. Working with a specialist ethical communications consultancy, Marshalls achieved coverage in all key target media sectors reaching 15 million people with an editorial value of £1 million. Coverage was gained across all national newspapers.

Marshalls has also increased its market share in ethical stone - a strong testament to the value of being transparent and explaining your position to consumers.
THE NEXT CHAPTER

Marshalls is also bringing education and transparency to its customers through its pioneering efforts on carbon labelling. Marshalls has now introduced over 2,000 official carbon labels for all its domestic and commercial paving products. Not only has this enabled targeted reductions of emissions of energy-intensive products, it has also empowered customers to make environmental buying choices.

Customers have been actively engaged through awareness-raising marketing including brochures containing comprehensive information and internally, employees have developed a better understanding of how to relate the carbon benefits of products. Marshalls’ website includes Marshalls’ Guide to Carbon Labelling as well as a widely used carbon calculator. This information empowers customers to make responsible decisions.

Marshalls’ carbon reduction programme has already saved £525,000 in energy costs and reduced emissions by 2,383 tonnes by improving production and targeting procedures identified as being carbon intensive. In addition, the carbon footprints of much of the concrete block paving range have been reduced by 39%.
Marks & Spencer
Moving from Plan A towards sustainable business

THE OPPORTUNITY
Retailers have always used consumer insight to connect with their customer base and influence behaviour. What Marks & Spencer (M&S) realised is that they could harness this power to take customers with them on a sustainability journey with the aim of becoming a much more sustainable business and gaining competitive advantage. In order to make that change M&S aims to change the mindset of 50 years of retailing and with Plan A M&S has begun this process. Not only is it changing how it operates internally, it is creating more sustainable products and incentivising positive behaviour change. This is producing savings for their customers and their business.

THE STORY
In January 2007 M&S launched Plan A, a 100 point sustainability plan across five commitment areas: climate change, waste, sustainable raw materials, fair partnership and health. It covers the whole M&S value chain, a supply chain producing 35,000 product lines in 2,000 factories and 20,000 farms; operations consisting of 600 stores and 900 lorries; and the customer use and disposal of 350 million items of clothing and 2 billion items of food each year. As a result Plan A could not just focus on M&S’ own operations; to truly transform their business and make headway across their commitments they needed to take their customers and suppliers with them on the journey.

M&S’s research showed that its customers were overall slightly more concerned with environmental and social sustainability than the general UK population. About 80% of its customers were concerned in some shape or form about environmental and social issues. Although there was a proportion of sustainability “crusaders” – about 10% of its customers – there were two much larger groups, both representing about 35% of its shoppers, who were willing to contribute to sustainability if it was made simple. The ‘If it’s easy’ group and the ‘what difference can I make’ group. To make the biggest difference it was these two customer segments M&S needed to connect with, and so the question was how best to reach them?

To make it ‘easy’ M&S first concentrated on the changes it could make to product formulation or supply chain activity to make its products more sustainable. It looked at many areas including: how it could strip out salts and fats from its foods, get fish from sustainable sources, and use fair trade cotton in its clothes – giving customers more sustainable products with no extra hassle and with no extra cost. M&S committed to tackling as much of the sustainability challenge as it could before asking customers to join the journey.

M&S recognised that communicating with customers on the work it was doing was essential. However, in order to get the most traction it needed to make sustainability easy for their customers and find a way to actively engage them as partners beyond reassuring them that M&S was working hard behind the scenes. Mike Barry explains: “It’s about making it easy for your customers to make the sustainable choice. You need to do the heavy lifting – then they will follow.”

IMPACTS
The social and environmental impacts of Plan A are huge and range across their five commitment areas: climate change, waste, sustainable raw materials, fair partnership and health. Some of the biggest include: a reduction in CO2 emissions by 96,000 tonnes since 2007; a reduction in non-class packaging usage by an average of 12%; and reducing salt levels in 67% of the food categories they sell. It has also reduced food carrier bag usage by over 80%. Comprehensive progress reports are provided for all 100 commitments in its annual ‘How we do Business Report’. For M&S what was initially expected to be a costly investment has already turned cost positive only half way through the course of the plan as they make considerable energy and waste savings. In effect significant investment costs in more sustainable practice are being more than matched by substantial savings from eco-efficiency.
Although M&S’s Plan A is leading practice for them it is only the beginning of the story. M&S’s strategy over the next 10 years sees it moving from Plan A to “How We Do Business” (2012-2020) where sustainability is embedded to drive commercial success with the eventual aim of building a “Sustainable Business” (2020-2030). Sustainable Business means a radically different business model where its business is at least 50% less carbon intensive, generates zero waste and creates socio economic value wherever it touches people’s lives. At the heart of the whole journey is communication, demonstrating that change is needed within M&S and across its customer base; that change is possible; and indeed will result in a better quality of life and better commercial performance.
**THE STORY**

Speedy operates a depot network of 400 sites across the country. It provides tools and equipment as well as specialist support to a range of clients covering construction, infrastructure, facilities management, industrial, local trades and commercial, retail & leisure industries. Since 2008 it has been realigning itself away from a product focused business to market sector specialists, providing a more service orientated offering. In 2004 Speedy decided to change its offer from merely providing tools and equipment to making safety a key proposition through the ‘Safety from the Ground Up’ campaign; a Health and Safety Campaign targeting high risk areas of work in the construction industry including: working at height, hand arm vibration, dust control, and recently, manual handling. The aim was to communicate the health and safety message as simply as possible and to the widest audience. Speedy wanted to actively help customers reduce accidents on site and discharge their legal duties under the new regulations through effective site level communication. An internal steering group consisting of members from Sales, Marketing, Operations and Health and Safety developed the marketing campaign through a two-way dialogue with all key stakeholders including key customer Health & Safety Directors, the HSE, customers, suppliers and other related organisations. Speedy carried out onsite research with workers and customers and invested key time and resources, setting up research study with Loughborough University. This was to look at how the health and safety of manual workers can be improved particularly with regard to exposure to vibration from hand operated equipment. From their findings Speedy produced a communications health and safety toolkit aimed at all levels within customer companies, and was backed up by a national poster and advertising campaign. The programme was supported by the training of over 1,250 Speedy staff to deliver ‘toolbox talks’ on site to ensure the messages reached workers with literacy issues.

**IMPACTS**

Through its campaign Speedy has so far delivered over 150,000 talks to site workers free of charge and made its training materials accessible from its website. Not only has it helped customers with a business problem, it has spread the health and safety message far and wide. This education has helped bring about a positive change in customer behaviour with millions now being invested in new safer equipment. This in turn has seen a 142% increase in revenues from working at height related equipment. HSE statistics also showed a 29% decrease in fatalities from falls in 2005, the year that ‘Safety from the Ground Up’ was launched. Speedy now owns the health & safety agenda, its strategic focus has moved to providing this unique service to customers rather than just selling tools and equipment and the pool of industries now receiving health and safety services by Speedy now extends beyond its initial focus of the construction industry. Speedy’s ability to solve problems for its customers and engagement with customers in the planning stage has built closer relationships which are growing into real partnerships and has allowed expansion of its customer base. This has translated into a 131% increase in revenue since the launch of the campaign in 2005. Much of this growth is accounted for by the fact that new products lines incorporating additional safety features have seen increased sales. The drive to improve safety on sites has become such an active campaign it is now a key part of the Speedy brand, and has helped to improve customer loyalty and develop their business.
Speedy has sought to continually innovate each year and has seen new health and safety issues added to the campaign. Speedy are now replicating its service focus in a new campaign – Getting Greener from the Ground Up – by helping customers address waste and resource management, energy efficiency and pollution. Speedy is the first tool hire company to offer solutions to the growing environmental challenges in the industry differentiating it from competitors and improving its portfolio of offerings.
Unilever

Brand Imprint: Using brands to encourage positive behaviour change

THE OPPORTUNITY

Unilever has always believed that brands have the ability to create social improvement by meeting people’s everyday needs and encouraging positive behaviour change. The company’s British and Dutch founders introduced branded soap and margarine in the late 19th century that for the first time were affordable to the mass market and made a significant contribution to public health and nutrition.

While many Unilever brands have applied this philosophy over the years, the company had never actually codified it. A formal process was required to enable marketing teams to meet the needs of the growing numbers of “conscience consumers”. These are consumers who are looking not just for functional benefits from their brands but who expect those brands to address social and environmental needs.

In 2005 Unilever decided to devise a more systematic way of integrating the sustainability agenda into its brand innovation and product development.

THE STORY

The result was a process called Brand Imprint — a tool which enables brand teams to take a 360° look at their social, economic and environmental impacts and the many external influences and market forces shaping them.

For the process to gain traction in the business, it was decided to involve not just the global brand teams, but managers from key functions right across the value chain, including R&D, procurement, manufacturing, marketing and customer development.

Brand Imprint requires each function to quantify the social and environmental impacts of the brand in their part of the value chain. The work is then shared at a two-day workshop. The approach forces each part of the business to analyse the brand not just from the perspective of the consumer but, very importantly, through the lens of civil society. The results are often revealing and surprising and lead to a variety of actions – changes to packaging and product formulations, increasing the sustainability of raw materials, developing new product variants or creating social missions to tackle public health or environmental challenges.

By the end of 2008 all of Unilever’s global brands had completed a Brand Imprint, including Lifebuoy, Dove, Signal toothpaste and Ben & Jerry’s that already had strong social missions.

Brand Imprint is having a significant impact on Unilever’s marketing programmes. For example, Lipton and PG Tips, two of the earliest brands to complete the process, decided to make their entire tea supply chain sustainable, the first mainstream tea brands in the world to do so. In 2007 Unilever made a public commitment to source all the tea in Lipton Yellow Label and PG Tips tea bags from Rainforest Alliance certified tea farms by 2015.

This has had a significant impact on both volume and value market shares. It also created new business opportunities. McDonald’s, for example, made PG Tips its tea of choice in all its UK restaurants entirely on the strength of the Rainforest Alliance Certification.

Interestingly the initiative has also increased consumer perceptions of quality and taste, as people equate the care that goes into growing the tea with the quality and flavour of the tea itself. Finally, by helping small farmers to grow better crops that can command higher prices, it will also improve the livelihoods of millions of farming families.
THE NEXT CHAPTER

The evolution of this agenda, from its 19th century roots in corporate philanthropy, to the embedding of CSR into corporate strategy in the 1990’s and its integration into brands in the 2000’s, is now entering its newest and most challenging phase. Unilever recognises that to grow sustainably in the 21st century it will have to find ways to decouple sales growth from environmental impacts. This will require the company to find, and apply, new ways of thinking and new business models. As the largest part of Unilever’s carbon footprint across the total value chain is consumer use of products, the challenge now is to help consumers live more sustainable lives through the brands they choose and the way they use those brands.

This is where not only product innovation but also their brands’ ability to influence behaviour change will play a crucial enabling role in promoting sustainable consumption.

Brand imprint is an important tool for achieving this goal.
The Co-operative Bank
Making your ethical policy a key part of your service to customers

THE STORY
The Co-operative Bank originally formed in 1872 was founded from the start on principles of fairness and social responsibility. As a co-operative this approach was always a key part of its philosophy.

Since the initial launch of its ‘Ethical Policy’ in 1992, a policy stipulating who the bank will and will not finance – the policy has been reviewed 5 times and currently no statement has less than 90% support of customers. The policy currently covers human rights, international development, social enterprise, ecological impact and animal welfare. Even 17 years after its first iteration the Policy is still unique among retail banks. The bank regularly reviews the Policy to ensure it is current and reflects the concerns of its customers. The last review in 2008 produced 9 new statements with a record 80,000 customers participating, reflecting customers increasing sophistication on the agenda.

Flowing from its strong ethical stance, the bank has created a £25 million microfinance fund to support the development of small business in some of the world’s poorest countries and a £400 million fund for investment in renewable energy and carbon reduction projects. It also offers a number of financial products grounded in ethics. Customers can have visa cards supporting charities aligned with their ethical stance such as Amnesty International and Oxfam. Based on its principles of fairness and social inclusion, it has recently worked in partnership with prisons to provide bank accounts for pre-lease prisoners. Information from the prisoners identified that the financial exclusion of ex-offenders could impact and actually jeopardise accommodation, job and education opportunities which are key to preventing reoffending rates. Providing bank accounts has aided their integration back into society and an independent study analysing the impacts, found that the re-offending rates were only 37% compared with the national rate of 67%.

This innovative and collaborative approach empowers customers giving them a say in how their money is used for lending and other services. Building its brand identity and strategy on the principle of transparent ethical behaviour and customer engagement has been a key component of the Co-operative Bank’s historic and recent success during and after the credit crunch.

IMPACTS
For the Co-operative Bank following these tough standards means making tough decisions. In 2008 the Bank reported that up to £16 million income had been sacrificed due to the rejection of investments that would have conflicted with its Policy. The Co-operative Bank declines banking facilities in situations where, for instance, the business is owned by the government of an oppressive regime or if there is evidence of failure to uphold basic labour standards in its supply chain. In contrast, in 2008, 23% of its loans and 54% of deposits make a positive contribution to society.

Since the credit crunch the Co-operative Bank has received the biggest increase in the number of people who had a good impression of its general behaviour. This has translated into an increase in customer deposits of 21% during the first half of 2009, while new current accounts sales were up 68% against the same period in 2008. Indeed from its own research the co-operative bank believes that, historically, about a third of its customers’ bank with it because of its ethical credentials. Its values and emphasis on fairness has helped the Co-operative Bank differentiate its brand from other retail banks damaged by the recent crisis. Research has shown that customers view it as stable and safe during uncertain and difficult times. This is underlined by the fact commercial lending has grown from £571 million in 1992 to £4.4 billion in 2008 and an increase in customer lending of 15%.
In August 2009, Co-operative Financial Services (comprising The Co-operative Bank, its internet bank, Smile, The Co-operative Insurance, The Co-operative Investments and the Co-operative Asset Management) merged with Britannia Building Society helping to create one of the world’s largest ethical financial institutions with £700 billion assets, nine million customers, 300 branches and 20 corporate banking centres. Britannia has become a part of the Co-operative Bank and has adopted the Bank’s Ethical Policy criteria for all new and existing non-personal customers. Co-operative Financial Services is now in a position to offer a wide range of ethical products to millions of consumers and offer a genuine alternative to shareholder owned banks.
Audi
Driving efficiencies to improve your environmental impact

THE OPPORTUNITY

Cars and motor vehicles are perceived by the public to be the single biggest contributor to global warming. In fact research shows that cars are contributing between 12% and 15% of total CO2 with domestic and industry above them. However, even though new cars are increasingly cleaner due to new technologies, the car is still a net polluter and the overall impact trend is increasing. Until dramatic innovations give us viable alternatives to the combustion engine and we have the infrastructure to support it, we need to focus on efficiency through existing technology. Audi’s traditional marketing focus had centred on luxury and performance but Audi has now tasked itself with also offering more efficient cars and reducing its environmental impacts all the way through its value chain. Although Audi is still at the very beginning of its sustainability journey, it is keenly searching for ways to bring the customer with it while at the same time maintaining integrity as it seeks to avoid the greenwash trap.

THE STORY

Traditionally Audi was not perceived as being a leader on this agenda. Research in 2008 found that Audi lagged behind its competitors in a consumer perception survey looking at how seriously car manufacturers were addressing environmental issues*. To be taken seriously it recognised the need to make extensive change. Instead of creating a sideline green initiative, or ‘painting itself green in communications’, Audi is taking the environmental agenda to the heart of its business. Every part of the business has been analysed and 4 key focus areas identified: Products, Manufacturing process, Distribution and Communications. This new challenge necessitated more innovation, better engineering and has ultimately led to a new generation of more progressive vehicles, a more progressive organisation and communications.

Audi’s product improvements were facilitated by a wealth of technological developments. Recuperation technology ‘recycles’ energy used in braking; Start/Stop temporarily cuts the engine when the car is stationary and the onboard computer even advises drivers as to the optimal gear to be in and which route to take to minimise fuel consumption. These and other breakthroughs including taking weight out of the cars at design allowed Audi to increase the efficiency of its cars. Between 2007 and 2009 the CO2 emissions of the lowest model in each class has dropped between 8% and 25%. However these improvements have not been at the expense of performance, or limited only to ‘volume’ models. Even high performance models have significantly improved; the new S4 for example emits 97g/km less than its predecessor and still has improved acceleration.

In its manufacturing, Audi has pioneered changes in the recycling of energy and waste at its factories which has had a real impact. Audi now recycles 96.3% of its water, 60% of its energy is produced from recovered heat and 96% of waste materials are recycled. Paint emissions have reduced by 84.5% since 1991 and even the cars themselves are a minimum of 85% and up to 95% recyclable.

In the short term distribution centres were reviewed with expert third parties leading to changes in their heating, lighting, energy consumption, travel patterns, car washing methods and waste. In parallel ‘Coulon Audi’ has become a flagship for how the network will evolve; with its environmentally sensitive ‘dealership of the future’ concept. With measures such as a Biomass boiler, rainwater harvesting, A rated building materials, efficient energy consumption and waste compactor, 15% of its energy needs are achieved on site and its carbon output is 12% less than comparable sites. It is the first Audi dealership in the UK to be rated ‘Excellent’ by the Building Research Establishment (BRE).

IMPACTS

Although buying a car is not a ‘green choice’ in that it will still pollute, Audi has increased efficiency and reduced environmental impacts across all of its focus areas. The average new Audi sold in 2009 emits 157 g/km of CO2 versus 185 g/km in 2007 showing clear benefits for the environment. For Audi the benefits of this approach are shown by the 10% footfall increase to Audi showrooms in the last 12 months and the improvement in its brand image. In 2009 research by BBH showed that Audi’s messaging on efficiency had translated through to enhanced brand perception. It had moved up to the table significantly in a survey measuring the car brands perceived as addressing environmental issues most seriously. Research carried out by Millward Brown also showed a 7% increase between January and September 2009 in people believing it made fuel efficient cars, putting clear water between Audi and its nearest competitor**.

Audi is exploring influencing how drivers’ use its cars. On its web channel a programme on Graeme Le Saux was recently featured. In it he was invited to Ingolstadt to meet the Audi Driving Experience team where he learnt about Audi’s revolutionary driver assistance technology and how driving style can reduce CO2 by 30%. Looking at ways to make drivers drive more sustainably is something Audi are keen to explore.
Diageo

World class marketing applied to responsible drinking

THE OPPORTUNITY

With the European Commission estimating that excessive drinking kills 200,000 Europeans per year, and alcohol related diseases alone costing the NHS 2.7bn a year, the drinks industry is facing huge external pressures. While self-and co-regulatory codes are widely used in Europe, Diageo was the first drinks company to develop its own internal responsible marketing code and was constantly looking to improve and build on its own practices. A conversation in late 2003 between Diageo’s then Chief Marketing Officer, Rob Malcolm and Dr Derek Yach from the World Health Organisation struck a chord with Diageo and helped the company progress its approach by the application of its marketing expertise to the issue of responsible drinking.

THE STORY

In 2005 Diageo’s CEO decided that the promotion of responsible drinking attitudes would be treated (in every way) as a brand in and of itself. What did this mean in practice? It meant creating the new role of Global Attitudes to Alcohol Brand Director to implement the programme from inside Diageo’s marketing function; and using consumer insight to shape its social marketing strategy Diageo was determined to apply the same standards, rigour in process and consumer focus to responsible drinking as their other alcohol brands. The new role would work closely with the Director of Alcohol and Responsibility to ensure a holistic strategic approach toward the company’s long-standing commitment to promote a positive role for alcohol in society.

As a first step Diageo wanted to focus on the core issues for Legal Purchase Age (LPA) 18-24 year olds in Europe. The specially created team was assigned a consumer planning resource to build understanding and unfold deep consumer insights into responsible drinking spending time with over 3,500 consumers. Diageo identified binge drinking as the major issue in Northern Europe and drink driving in the South.

Diageo’s research unpicked 18-24 year olds’ relationship with alcohol. Diageo’s research showed that there were 4 consumer segmentation clusters: Responsible In Controls; Responsible Enjoyers; Irresponsible Shamefuls; and Irresponsible Indifferents. Diageo didn’t need to focus on the Responsibilities – they were already enjoying alcohol in the right way. It needed to target the Irresponsible Shamefuls – the ones that regretted their behaviour after drinking excessively. They were identified as the group most likely to be receptive to a responsible drinking message. Diageo’s research also showed that in Northern Europe consumers tended to blame alcohol for the problems they incurred as they did not value and respect it enough. Diageo needed to try to foster respect for alcohol and encourage people to take responsibility for their actions.

Diageo investigated the reasons why this group consumed alcohol and what was likely to influence more responsible behaviour. Qualitative research showed that Irresponsible Shamefuls valued the feelings of belonging to a social group and all of them wanted the respect of their friendship circle. But what Diageo found was that irresponsible drinking will actually have the opposite effect and this was the message that it needed to communicate in order to encourage behaviour change.

These insights helped the team design the “Choices” campaign for the UK market. The messaging in the campaign was that being in control of your drinking helps you get more out of a night out as opposed to drinking irresponsibly which can have dire consequences on the night out as well as on their status with their social group. The ads encouraged the target audience to make the right personal choice by showing both positive and negative drinking experiences.

Diageo’s approach was intended to be departure from the normal public policy marketing undertaken by the Government and it clearly resonated with the target audience – 92% thought that the behaviour depicted was realistic and 83% liked the tone of the advert and the fact that it did not preach to the audience.

IMPACTS

Diageo’s quantitative research has shown that putting the consumer at the heart of their approach and using consumer insights to develop their social marketing strategy has paid off. On the UK Choices campaign 89% of a sample audience said the ad made them aware of the choices they have when drinking and 62% said they were more likely to consider drinking responsibly as a result. Overall 80% said that the adverts had made them question their drinking habits.

In addition to achieving its ultimate objective of raising consumer awareness and starting to shift attitudes and behaviour, the consumer campaigns enhance Diageo’s corporate reputation. 95% of the Choices sample audience said it was good to see alcohol companies advertising a responsible drinking message. Diageo is also gaining commendations from government and other credible third party sources. Showing it can deal with and help prevent irresponsible drinking will be key in its desire to build trust with key stakeholders and become a partner on broader public policy and regulatory approaches.
Diageo realises that it can't bring about a wholesale change in attitudes to alcohol on its own and it has been instrumental in forming Project 10 – which is made up of more than 45 companies from across the drinks industry, including the on trade and off trade as well as producers. In September 2009 the campaign for smarter drinking was launched by the industry in partnership with independent charity Drinkaware and the Government. With a media value of £100 million over five years, this social marketing campaign is aimed at encouraging more responsible drinking among young adults and shifting attitudes towards drunkenness. The campaign uses outdoor advertising, signage, drink mats in pubs and bars, on-pack and point of sale displays in retailers to deliver its message under the strapline "why let good times go bad?"

The campaign is designed to maximise the potential offered by the direct relationship between drinks brands and consumers. It emphasises the benefits of responsible enjoyment and offers practical tips such as reminders to drink water or soft drinks, eat food and plan to get home safely. The consumer impact of this campaign is being measured independently by Millward Brown and initial indications and results are positive.
The Footprint Chronicles is an interactive map following the specific footprint of the product, allowing them to gain a clear picture of the social and environmental perspective as well as quality through environmentally aware and sought to ensure its products cause no unnecessary harm. To educate their customers, who are typically interested in the environment, and to empower them to make more sustainable choices, it has developed a tool that allows consumers to track the whole product journey.

Patagonia makes clothes for outdoor activities such as climbing and hiking. The nature of its business means it has always been environmentally aware and sought to ensure its products cause no unnecessary harm. To educate their customers, who are typically interested in the environment, and to empower them to make more sustainable choices, it has developed a tool that allows consumers to track the whole product journey.

As giving concrete measures, it also puts these in context for the consumer. For example, the Merino 2 Crew top uses 26 kWts of energy consumption, the total distance travelled, the CO2 emissions generated, and the waste generated per item. As well as giving concrete measures, it also puts these in context for the consumer.

At the heart of the process is the Green Tick model, a web-based tool that analyses the impact of 23 sustainability criteria across the full life cycle of the product, including consumer use and waste disposal. This creates an environmental and ethical profile that can be used to compare products and identity high impact areas in the product lifecycle so that sustainability solutions can be developed. This is currently being integrated into new product development and supply chain practices in order to create more sustainable brands, and help customers to make more sustainable purchases.

EDF TEAM GREEN BRITAIN

EDF Group is a tier one sustainability partner of the London 2012 Olympic and Paralympic Games and it has decided to use this platform to inspire a human legacy of care and action in the fight against climate change. It created Green Britian Day (10 July 2009) to kick off the initiative encouraging customers, employees and the general public to join Team Green Britain – a community of people committed to working together to reduce their CO2 footprints.

Team Green Britain is centred around an online hub, teamgreenbritain.org, which is designed to be the ‘one-stop-shop’ for people who want to do something meaningful to reduce their carbon footprint. It is focused on the positive actions people can take on an individual and community level, around three main areas of sustainability: consumables, home, and travel. Using the Olympics as a hook to inspire and engage, and 2012 as a deadline for change, it is aiming through this marketing campaign to utilise the team spirit of the Games to proactively engage people on climate change, enabling people to live lower carbon lives. Team Green Britain already has 700,000 members and EDF Energy aims to have 2 million people engaged in the programme by 2012, creating a mass movement for change.

GLAXOSMITHKLINE INCREASING ACCESS TO MEDICINE

GlaxoSmithKline (GSK) has committed to transforming its business model – to increase trust in the industry and act as a catalyst for change. They see that improving the quality of life for people across the world is an ethical imperative as well as good business practice. New medicines require considerable investment and pharmaceutical companies have traditionally focused their efforts on selling products to developed world customers who can afford them in order to realise a return. However, GSK now wants to go beyond being the supplier for drugs to a partner in delivering solutions to improve access to healthcare. To do this CEO Andrew Witty has announced 4 commitments: Firstly to develop a more flexible approach to intellectual property in the Least Developed Countries (LDCs) with the goal of stimulating research into these diseases. Secondly, GSK will drastically reduce prices for patented medicines in LDCs so that they are no higher than 25% of the price in the developed world. Thirdly, GSK will be more open to working collaboration to fight the diseases of the Developing World. And fourthly, GSK will reinvest 20% of profits from medicines sold in LDC’s back into projects that will strengthen their healthcare infrastructure and widen access.

This move is good for the business; principally for building trust and is central to securing their licence to operate in the future. They see that increasing the quality of life for people across the world is an ethical imperative as well as good business practice.

For more information, visit hub, teamgreenbritain.org, which is designed to be the ‘one-stop-shop’ for people who want to do something meaningful to reduce their carbon footprint. It is focused on the positive actions people can take on an individual and community level, around three main areas of sustainability: consumables, home, and travel. Using the Olympics as a hook to inspire and engage, and 2012 as a deadline for change, it is aiming through this marketing campaign to utilise the team spirit of the Games to proactively engage people on climate change, enabling people to live lower carbon lives. Team Green Britain already has 700,000 members and EDF Energy aims to have 2 million people engaged in the programme by 2012, creating a mass movement for change.

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QUESTIONS FOR MARKETERS TO ACT ON

1. What is your vision for how your products & services will be sustainable?

2. How is sustainable marketing shaping your business strategy?

3. Who is providing visible leadership on sustainable marketing for your business?

4. What are the opportunities for sustainable marketing to drive value creation?

5. How are you approaching sustainability from the heart of your marketing function?

6. Who in your business, outside of marketing, needs to be engaged?

7. Are you using sustainable marketing to engage and influence your customer’s behaviour?

8. How are you working with external partners to challenge and support you to achieve your goals?