

# A 'Greenprint' for companies and their brands – how true, how compelling?

**As the 'sustainable' agenda grows in strength, companies need to ensure they get the balance right between promoting a green stance and being true to what they say.**

We have entered 2007 with few doubts being expressed any more about the harm we have inflicted – and continue to inflict - on our natural environment. The recent Stern Review gives us a clear base from which to move forward - on current trends, average global temperatures will rise by 2-3 degrees over the next 50 years, high enough to see significant effects on economic and social systems. The economic cost is thought to be about 1% of global GDP, but Stern warns that the cost could be much higher if we do not begin to act seriously now. We need to stop, think and change the way we do things.

## **Which are the parties that can help to effect this change?**

Governments, international economic/political organisations, campaigning organisations and individuals all have a role to play. For example, in the Queen's Speech last November, the Climate Bill was announced – this will make the UK government's long-term goal of a 60% reduction in CO2 emissions by 2050 a legally binding target.

Informed individuals are, quietly and gradually, starting to make the small changes that add up to greater effects. In the UK for example, within six months of the launch of 'Recycle Now', WRAP's (Waste & Resources Action Programme) national recycling campaign for England, the number of people classified as committed recyclers had risen from 45% to 50%. Today, nine out of ten people in England and Wales would recycle more if it was made easier for them.

The influence of many other 'campaigning' organisations such as WRAP is on the rise, including the Carbon Trust, The Climate Group and the Soil Association. The Carbon Trust's new advertising campaign launched last November encouraged businesses to take action to lower carbon emissions – it had three core messages: how lower carbon emissions can help businesses strengthen their brand value, attract talent and compete more effectively.

And the Executive Secretary of the UN Framework Convention on Climate Change pointed out, on 16<sup>th</sup> January, that of the 100 most powerful economies, 52 are companies, not countries, and that the importance of partnership with business was essential – governments could not expect to design solutions to climate change on their own.

## **Business has a major role to play**

Clearly, the business community has a significant role to play. Its inherent power can be used to make a significant contribution to the solution, or more accurately, range of solutions we need to find. And this should not be regarded as philanthropic work. According to the Co-operative Bank's 'Ethical Consumerism Report' 2006, the UK market for ethical goods was worth £29.3billion in 2005, up 11% on the year before. This now exceeds total retail sales on cigarettes and alcohol in the UK. Two-thirds of UK consumers are more likely to purchase products from a company seen as taking action to tackle climate change. Consumer attitudes are facing a 'tipping point' in relation to a range of sustainability issues.

'New' companies are coming into being with the specific remit to be part of the solution. Interesting recent examples include Belu, makers of bottled water in the very first compostable bottles (made from corn!) and Innocent, the smoothies makers, who state their commercial decisions are always guided by sustainability considerations.

There are also signs that businesses are starting to come together to find new solutions. The CEOs of Starbucks, O2, Marks & Spencer, Tesco, Carphone Warehouse, BSkyB, HSBC, Man Investments and B&Q met Tony Blair and Secretary of State for the Environment David Miliband in December last year for talks on forming a partnership to cut carbon emissions. Together, they have more than 250m customers and 30,000 retail outlets. The scheme, being coordinated by The Climate Group, is due to be launched in March, and will set targets for a reduction in emissions not only by the companies themselves but also by their customers. And the CBI held its first meeting of the CBI Climate Change Task Force on January 11<sup>th</sup>, chaired by BT Chief Executive, Ben Verwaayen – it includes, amongst others, the heads of Barclays, McKinsey, BP, the London Stock Exchange and BA, and is tasked with establishing the role business can play in tackling climate change.

### **But who can consumers trust?**

Momentum is building. But, the question that consumers are increasingly asking in this debate is 'who can we trust'? Who is acting in a sustainable way and who is just claiming to – simply applying 'greenwash'? Which are the brands that people can really believe in?

Enterprise IG embraces a core philosophy that companies and their brands need to be both True and Compelling. To succeed, they have to speak truthfully about their beliefs and activities, and be compelling in the way they describe them. This is of particular importance in the sustainability arena. For the companies and brands which hope to survive and be successful in the future, the big question that will be asked of them is *'Are you sincere in your stated sustainability claims, and how well are you using real changes in attitude and actions to forge a new competitive advantage?'* How truthful and how compelling?

Some companies have always held the high ground in the sustainability stakes. Cadbury's Bourneville Village in the late 19<sup>th</sup> century embraced the building of a factory in a pleasant 'green' environment, enhancing overall quality of life. The Co-op, founded on 'co-operative' principles, was the first UK supermarket to ban animal testing on own-branded toiletries nearly 20 years ago, the Co-op Bank was the first to launch an ethical policy and they are a leader in 'fair-traded' products. The Body Shop, established in 1976, has always supported a range of sustainable initiatives, many related to animal rights and testing.

More recently, things have begun to really hot up, but the landscape is becoming more diverse and difficult to navigate.

Some early examples of the rise of the modern sustainability 'movement' include companies associated with the Fair Trade movement, such as CafeDirect, founded in 1991. BP was forming a new view of the world in the mid-1990s with its 'Positive Energy' concept, revolutionary for a 'planet-polluting' oil company. BP's ULTIMATE Fuels range and their 'Alternative Energy' initiative are evidence of their commitment to a more 'sustainable' future, though they are still seeking approval to further oil drilling ventures in the Arctic National Wildlife Refuge, despite warnings of an ensuing natural disaster.

And we are seeing other significant changes in business behaviour – for example, companies changing product formulations in response to the growing backlash against fatty, sugary and salt-laden products. We are also seeing more ‘low emission behaviour’ - travel companies in particular have delivered carbon-offsetting schemes.

For others, the story is far less positive.

ExxonMobil's stance over recent years has been that the evidence for climate change is inconclusive. Shades of the cigarette companies throughout much of the latter half of the twentieth century?

McDonalds have discovered that drive-thrus are a huge success in China. They are so pleased with the results that half of their new restaurants there are to follow this format....in a country with a growing environmental problem and a car market already growing at 25% per annum.

### **True and Compelling in practice**

Two great examples of businesses that are succeeding in being both true and compelling in their sustainability offers are The Grameen Bank and Marks & Spencer.

Muhammad Yunus, from Bangladesh, founded The Grameen Bank three decades ago. The bank was a pioneer in micro-credit - small loans given to people with no security to help them work their way out of poverty. It has been a liberating force for the five million borrowers to date - especially for women, often living in repressive social and economic conditions. Revolutionary. Compelling. True.

Another great example is M&S and their ‘Look Behind the Label’ campaign - a direct response to research that told them their customers wanted to know more about their ethical standards. They include salt reduction in foods (20% over the last year), sustainable fishing, Fairtrade coffee shops and clothing and animal welfare – eg. they were the first major UK food retailer to sell and use only 100% free range eggs. A recent Citigroup report said this had been a major success for M&S – overall sales were up 10.5% on the previous quarter and this campaign is credited with playing a strong role in this increase. Continuing their leadership stance on sustainability, M&S announced on 15<sup>th</sup> January that they are targeting to become carbon neutral by 2012.

### **Four key pointers for future success**

Given this growing evidence, 2007 seems likely to become a turning point for the global sustainability ‘movement’ - particularly amongst the business community.

At this time of fresh thinking and new solutions, we would like to suggest four key pointers for companies and their brands who genuinely want to be seen as examples of sustainable business success.

1. Companies and/or their brands must ensure that ‘sustainable’ policies and action plans are at the heart of their businesses. Those who move soonest will gain the greatest competitive advantage.
2. Finding compelling ways to promote these aspects of the way they operate as a business should become an increasingly important part of their marketing and promotional strategy.
3. But...they will need to be rigorous about what they claim is true – no greenwash! Those who aren't will be found out, and it will be worse for their business than if they had done nothing at all.

4. Sustainability is about finding solutions that are both environmentally and economically sound – and about the rediscovery of the social contribution businesses can make. Cadbury and others knew this over 150 years ago. It is about business people rediscovering their wider role in society – way beyond philanthropy and self-promotion. It is about business asserting its potentially positive role on the development of our society.

This can be a win-win situation for all of us. There is no single magical solution, but a range of solutions each of which will feed into or support each other.

What is clear is that the business community needs to take an extremely active role. But businesses need to be true to what they say, and compelling in their sustainability claims, to gain significant competitive advantage. There can be little question that those that achieve this will be amongst the great business success stories of the future.

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### **Enterprise IG**

Enterprise IG is one of the world's leading international brand agencies with the resource of nearly 600 people, covering 22 offices in 20 countries.

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We provide first class Strategy, Design and Engagement advice to major multinational and local blue-chip clients. Our extensive range of skills and experience, engaging both internal and external audiences, ensures that the Compelling Truth™ is delivered at all touch points – from identity, brand architecture and communications through packaging, product design, POS, brand language, retail manifestation, brand experience, brand environment, live events and interactive media.