



# **SUSTAINABLE MOTIVATION**

## **ATTITUDINAL AND BEHAVIOURAL DRIVERS FOR ACTION**



Report on a UNEP project  
sponsored by ESOMAR



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#### TABLE OF CONTENTS

Table of Contents .....	1
Executive Summary.....	2
1. Introduction .....	3
2. Approach to the Study.....	3
3. The Knowledge Model.....	4
3.1 Who is Responsible for Sustainability?.....	4
3.2 Level of Knowledge and Awareness.....	5
3.3 Public Attitudes to Environmental Issues.....	6
3.4 Comparative Concern .....	7
3.5 Levels of Concern.....	8
4. Information Quality .....	9
4.1 Mis-Representation.....	9
4.2 Strength of Opinion .....	10
5. Consumer Behaviour .....	11
5.1 What do Consumers Do?.....	11
5.2 Classifying Consumers .....	12
6. Requirements for Cultural Change .....	14
6.1 Change Management .....	14
6.2 Belief in Sustainability.....	15
6.3 Where are the Benefits? .....	16
6.4 How to Evaluate a Purchasing Decision .....	17
6.5 Sources of Information for Purchasing Decisions.....	17
6.6 Retailing/Distribution .....	19
6.7 Green Labelling.....	19
6.8. B2B Markets .....	20
6.9 Self Help Sources .....	21
7. Behind the product.....	21
7.1 The Brand Image .....	21
7.2 Is CSR Equivalent to Sustainability? .....	22
7.3 Responsibility Towards Shareholders.....	24
7.4 Influence on Investment.....	24
7.5 Valuation of Intangible Assets.....	24
7.6 Creating Brand Value .....	26
7.7 Where Next for CSR Reporting?.....	26
8. Communication .....	27
8.1 Can Marketers Use CSR?.....	27
8.2 Whose Opinion is to be Trusted .....	28
8.3 The Challenge for Marketing .....	28
8.4 Research Implications.....	29

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#### **EXECUTIVE SUMMARY**

- concern for sustainability issues is high, but the strength and depth of attitudes (level of belief) is low which accounts for the perception that the rate of progress towards a sustainability culture is less than desirable
- current methods of categorisation of consumers may be over-estimating the level of commitment by measuring low levels of activity rather than underlying attitudes to behaviour
- biased question formats are inflating responses
- although levels of concern are high, sustainability issues are not necessarily the highest priority for the general public which means that potential activities may be subordinated to other concerns
- people in the corporate environment have no special access to sustainability information – it is “picked up” in the same way that consumers do
- the level of debate about sustainability issues is uninformative: one-sided arguments, vested political interests and exaggeration for effect devalue the strength of the case and allow people an opt-out
- although information is widely available, the necessary ingredients for cultural change are absent: level of belief is low, there is no effective feedback on achievement, there is contradictory advice on actions and lack of role models – all of which make it hard for people to make the emotional connection required for behavioural change
- people are fed up with the unfulfilled “fear” message
- short-hand communications, such as green labelling are confusing rather than helping and may be applied indiscriminately. The agenda for sustainability is so vast that there is a real issue over terminology suitable for encompassing it.
- product benefits for sustainability are usually secondary to the main evaluation criteria for purchasing decisions and CSR ranks low relative to other brand attributes which means that few people actively seek out appropriate companies and products.
- CSR reporting is not required by the financial community – there are more technical methods of appraisal and in any case, shareholder value can only be created by increased capital productivity which in turn may be a consequence of increased competitiveness. However, CSR reporting is not targeted either to people in the supply chain or to end-consumers so has little influence on brand or corporate image and buyer behaviour and therefore has little benefit on brand value and competitiveness.
- In terms of the intangible assets of a business which are the key drivers of value creation, CSR ranks behind many other assets for developing corporate strategy
- marketers need to take a more holistic view of the business and engage in the underlying business strategy to develop a sustainability position for the organisation and to attach it to the brand image (which may be a product range or a corporate brand)

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#### 1. INTRODUCTION

During the recent past, there have been a number of surveys on consumer's awareness of a wide range of environmental concerns. Almost without exception, they have demonstrated concern for the issues. They even, generally, show that consumer's would pay a premium for "environmentally friendly" products, though few actually seem to do so.

However, this has not translated in to reality – the pace at which sustainable activity has developed has been slower than desirable which has led to this research project and the need to try to establish what is inhibiting progress and what might motivate an increase in the rate of change.

This project is work-in-progress in that this report describes a first phase to consolidate what is already known as a pre-cursor to original research to help with determining the drivers of change that may be useful to marketers. As later phases unfold, this process necessarily will continue to maintain awareness of other's work.

The project, has been labelled "Sustainable Motivation" in recognition of the need to both:

- motivate sustainable activity
- and sustain the levels of motivation

Much of what will be discussed in this report is based on how people build their level of knowledge and use this to form their attitudes to both sustainability issues and product or corporate positioning – essentially communication effectiveness in converting knowledge to an understanding that will encourage behavioural change.

To clarify the presentation, the report focuses on the conclusions from a wide variety of surveys, analyses and reports without necessarily reproducing raw data or duplicating similar studies.

The tone of the report may seem negative to those who are active participants in the sustainability arena. However, it is this critical approach that has revealed some of the inadequacies of current activities and may point to potential solutions to encourage increased levels of motivation towards implementing sustainability.

#### 2. APPROACH TO THE STUDY

The overall study is in three phases:

- Phase I: to establish the current level of knowledge and understanding of attitudes and motivations (this current phase)
- Phase II: to classify attitudes into measurable parameters
- Phase III: undertake original research to benchmark and compare these attitudes world-wide

This current phase has been based on:

- contacting individuals and organisations around the world to identify relevant research (almost 1,000 people have been contacted in 600 organisations in 50 countries so far). Communication has been largely on-line and a dedicated web-

site has been established [www.mpgintl.com/sustain](http://www.mpgintl.com/sustain). Response has been fairly low – few people seem to have considered this aspect of sustainability directly.

- desk research/internet search to identify potentially useful information – extracting information from studies not necessarily directly related to the subject
- development of a knowledge database to organise the information

This report draws out the underlying themes that may be used to determine how consumers behave and the implications for corporate behaviour. Having reviewed large quantities of material, it is still difficult to find real evidence to support much of the opinion that is expressed.

In preparing this analysis there are issues over:

- time – issues over sustainability are a moving target as attitudes develop with an increasing number of campaigns and initiatives. It may be difficult to determine whether older data is still valid.
- comprehensiveness – inconsistent sample structures and geographic limitations which make comparisons difficult
- context - a study focus that conditions respondent thinking through seriously biased question formats
- perspective - much of this work has been done outside of the business context with uncertain transferability to the needs of marketing
- subjectivity - much research is qualitative rather than quantitative, so is very open to interpretation and subject to prejudice

However, it is believed that the broad conclusions remain valid since although there has been a steadily increasing level of discussion and activity, there has been no sudden conversion to sustainability principles.

The following sections discuss:

- levels of knowledge and understanding
- the strength of peoples commitment and the reliability of estimates
- actual levels of consumer behaviour
- how purchasing decisions are made
- brand image and CSR reporting
- organisational change

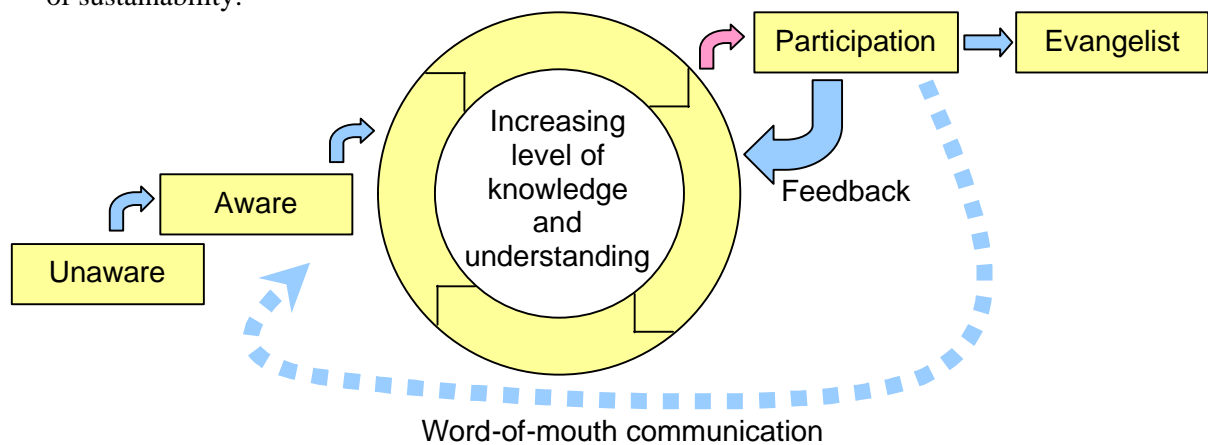
### 3. THE KNOWLEDGE MODEL

#### 3.1 WHO IS RESPONSIBLE FOR SUSTAINABILITY?

Everyone! Consumers in this sense includes corporate buyers in B2B markets. Consider the added value chain of a product - purchasing decisions will have been made right through the process from concept to final product. The consumer in the traditional sense is merely the last step in the chain. If we expect consumers to demand sustainable characteristics, then why should not the person that bought the materials, components and services that make up the product or run the organisation that makes the product. Should the end-consumer worry whether or not a solvent-free process was used? Or, should they be able to trust the producer? This has become dubbed responsible chain management and which, along with design for sustainability, highlights a very close interaction between sustainable consumption and production.

### 3.2 LEVEL OF KNOWLEDGE AND AWARENESS

Let's think of the customer buying continuum as though they were "buying in" to the concept of sustainability:



From the perspective of motivation, we need to understand why people make the move illustrated by the pink arrow. Crucially, it is because they have gone round the loop of increasing knowledge and understanding sufficient times and that an opportunity arises for them to take that step. Much of what we need to know about motivation will be rooted in how that knowledge and understanding is created.

People will be at different stages of this cycle for each sustainability issue – they may already be buying organic food (participant) for health reasons, while still ignorant of the social benefits this may bring to rural communities, they may recycle glass and paper because they can yet have no idea about disposal of electronic equipment. The potential agenda is huge – think about applying that model to:

- energy – production and consumption, climate change
- waste – reduction, re-use, recycling and disposal
- transport
- pollution – air, soil and groundwater
- resources consumption
- social exclusion – disadvantaged and third world
- health and safety
- pesticides and organic foodstuffs
- labour security
- human rights
- business ethics

Then think about applying that model to each of those issues with respect to many alternative solutions, either directly by the person or indirectly in respect of the suppliers of goods and services they are purchasing. It is already clear that there would be difficulties trying to communicate a tiny fraction of these to every consumer. And yet, as marketers we are looking for ways to both increase awareness and demonstrate that we too are sensitive to those issues. If we want people to evaluate products against these criteria, then it is a pre-requisite that they know what they are.

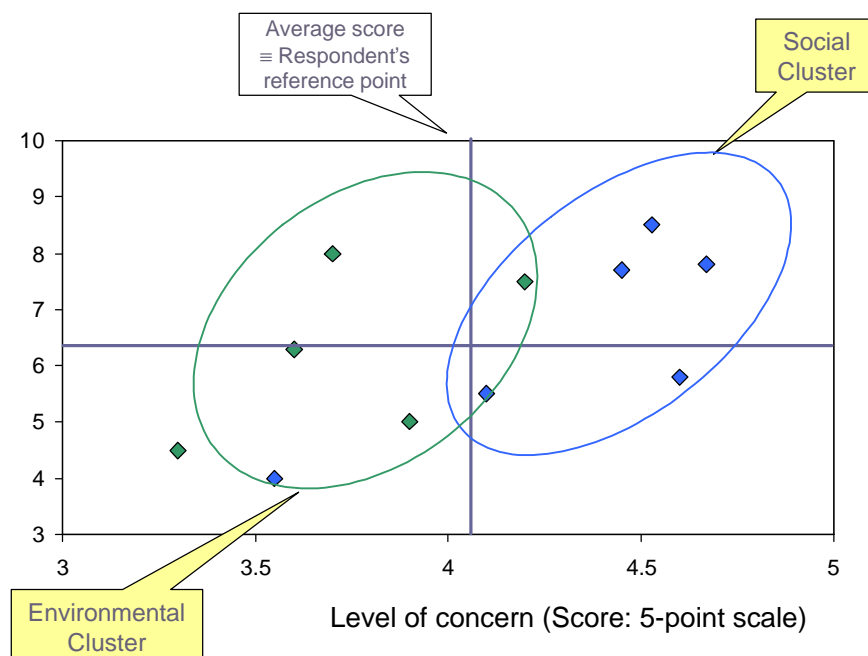
We also need to make a distinction between knowledge and understanding – we can have all the knowledge we need and still not participate; for instance, smokers cannot fail to understand the risks they are taking, yet they still smoke.

### 3.3 PUBLIC ATTITUDES TO ENVIRONMENTAL ISSUES

All research now shows unwavering support for environmental issues – one would be socially ostracised for opposing it and there is an almost insatiable demand for yet cleaner air and water, etc.. However, much of the research has been undertaken with vested interests and used to make a political point. Highly selective data may be presented in the media.

Many studies also tend to be single issue surveys so environmental issues are taken out of the context of a balanced view of overall concerns and ignore the complex trade-offs required to deal with many issues.

Using a schematic example covering a range of broader social studies, environmental issues tend to fall behind the ranking of other concerns, such as crime rates, education, health care and the economy. If the high scores achieved by environmental issues are re-cast around the mid-point of concerns generally (i.e. re-setting the reference point), they do not seem so important.



Similarly, in studies of key brand attributes, sustainability tends to fall far behind other issues in the order of priority by which buyers choose suppliers. And, in CSR studies the emphasis is very much on the 'S' – that is, the social issues, such as employment conditions.

It is the RELATIVE ranking of ALL issues that will determine the extent to which people will prioritise their actions.



### 3.4 COMPARATIVE CONCERN

Surveys generally can demonstrate that people are worried about the environment and want to see actions taken to protect it. In Gallup's 2000 survey in the USA, 83% of people agreed with the goals of the environmental movement, 71% claimed to be personally active or sympathetic, 55% felt overall that problems were "very" or "extremely" serious and 58% felt that the government was doing too little.

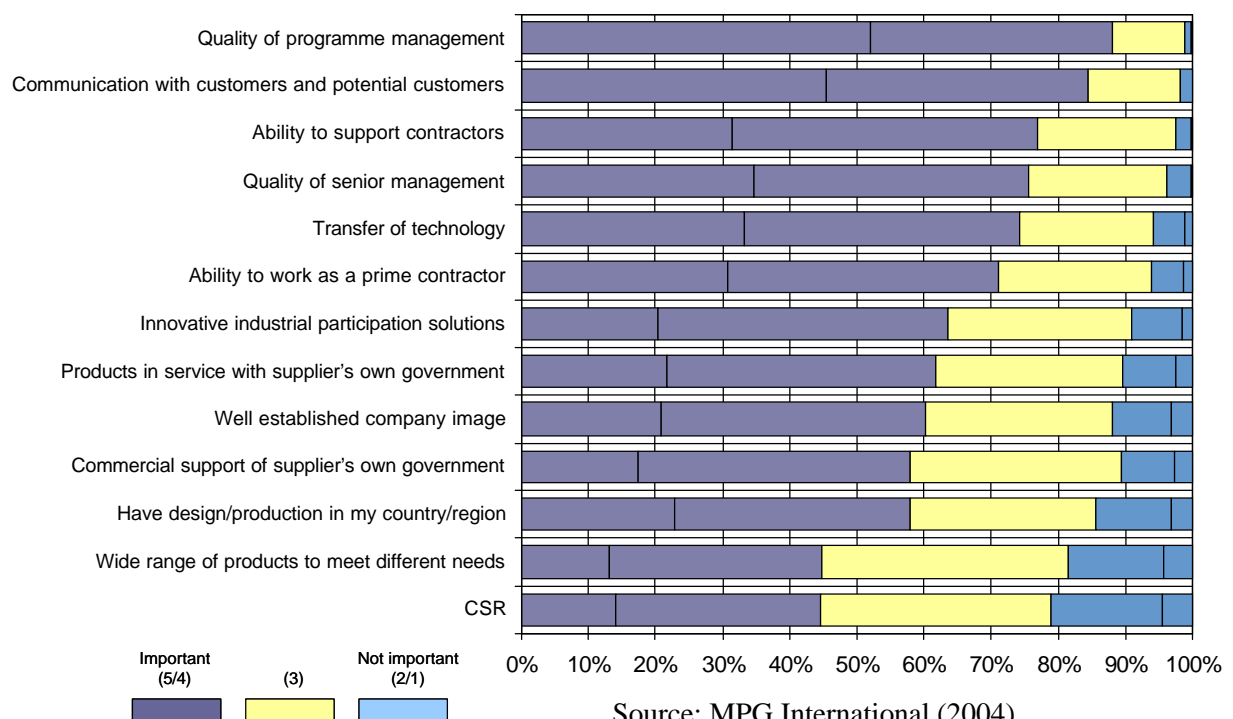
If there are high levels of concern for environmental issues – how do these rank against other concerns:

	Average score
Lowering crime rates	8.80
Improving education	8.73
Improving the economy	8.37
Improving health care	8.24
Cutting government spending	8.16
Protecting the environment	7.97

Source: The Ecology Poll (1996)

A score of 8 on a 10-point scale and with 87% of respondents stating that protecting the environment was an important goal seems impressive until compared with other concerns, ranking last.

Similarly, in branding studies that we undertake, typically in a B2B situation, these buyer values are typical (just taking corporate factors and leaving out product and performance factors):





So, people are concerned about the environment, but find other issues more important – and, of course it is the importance of issues to people, both consumers and corporate buyers, that influences action.

### 3.5 LEVELS OF CONCERN

At the most general level there is consensus and the general public have exactly the same requirements as environmental activists although different groups may rank the relative importance of issues differently. But these measures are based on propositions that cannot be disputed – the “right” to clean air and water, a “moral duty” to leave the earth in good condition – and have become conventional wisdom.

Also, people claim to accept the need for regulation of and intervention in economic activity to protect the environment. However, when respondents are challenged with more specific issues about the implications of such activity, opinion becomes more polarised:

	Agree	Neutral	Disagree
We worry too much about the future of the environment and not enough about prices and jobs today	42%	14%	44%
People worry too much about human progress harming the environment	37%	15%	48%
To protect the environment America needs economic growth	45%	26%	44%

Source: NORC General Social Survey (1994)

The difference between those that agree and disagree clearly form two distinct groups, there is no tendency towards neutrality showing a spectrum of level of agreement – they agree to differ.

	Willing	Neutral	Unwilling
How willing would you be to pay much higher prices to protect the environment	47%	24%	28%
How willing would you be to pay much higher taxes to protect the environment	34%	21%	44%
How willing would you be to accept cuts in your standard of living to protect the environment	32%	23%	45%

Source: NORC General Social Survey (1994)

Also, 61% felt that government was spending too little which is clearly inconsistent with the third of these who are willing to pay higher taxes.

#### 4. INFORMATION QUALITY

##### 4.1 MIS-REPRESENTATION

While such data can be taken out of context, and frequently is by the media, some research is deliberately designed to mislead in an attempt to stimulate action. Compare these question formats, one from a Gallup poll and one from a survey by Louis Harris & Associates:

Gallup	Louis Harris
To what extent do you worry about this problem ... (3-point scale)	How concerned are you that ... (4-point scale)
Pollution of rivers, lakes and reservoirs	lakes and rivers are being polluted by man-made chemicals from industry
Contamination of soil and water by toxic waste	dangerous chemicals are being dumped by industry without taking safety precautions to protect people from being poisoned
Global warming	chemicals from factories and cars are going into the atmosphere and making the climate worse
Extinction of plants and animals	many types of animals, birds, fish, insects and plants are dying off

Not surprisingly, much higher levels of concern were determined from the Louis Harris survey with its implied criticisms than the more neutral tone of the Gallup survey.

Also, how should one respond to a question such as:

*Our nation is still blessed with millions of acres of public lands, including wilderness areas, forests and range lands. Land developers, loggers and mining and oil companies want to increase their operations on these public lands. Do you think these remaining pristine areas of your public lands should be protected from such exploitation? [Sierra Club]*

Another area of concern is attempts to ask people's opinion of complex policy matters when they cannot be expected to have the knowledge to make a valid judgement.

On global warming:

*In trying to reduce the threat of global warming, do you think we should reply mainly on strict regulations to limit emissions of carbon dioxide, or do you think we should rely mainly on incentives that will cause the free market to discourage carbon dioxide pollution? [WWF]*

Views were more or less equally split with one-third don't know. The study went on with ever more complex descriptions of policy alternatives and answers that were probably no more than guesses.

Contrast that with studies that attempt to identify people's underlying knowledge:

- when asked to describe the "greenhouse effect" few respondents were able to even vaguely indicate what it was about and in a prompted question that included options such as "a new type of agriculture" or "a new type of architecture" as well as "an environmental danger" it was wrongly identified as such [Pew Research Center]
- similarly, 55% of respondents wrongly attributed it to "a hole in the earth's atmosphere" [NORC, General Social Survey]

This is a subject which has received huge amounts of coverage, yet the level of understanding is very poor.

#### 4.2 STRENGTH OF OPINION

Many surveys merely present a dichotomous choice – something is either true or it isn't – which is fairly unrealistic in the uncertain world of sustainability. Other surveys use some sort of scaling technique, although what is being measured depends on the format of the question – it may attempt to measure:

- how important people feel something is
- how strongly they feel about it
- or how important it is to do something about it.

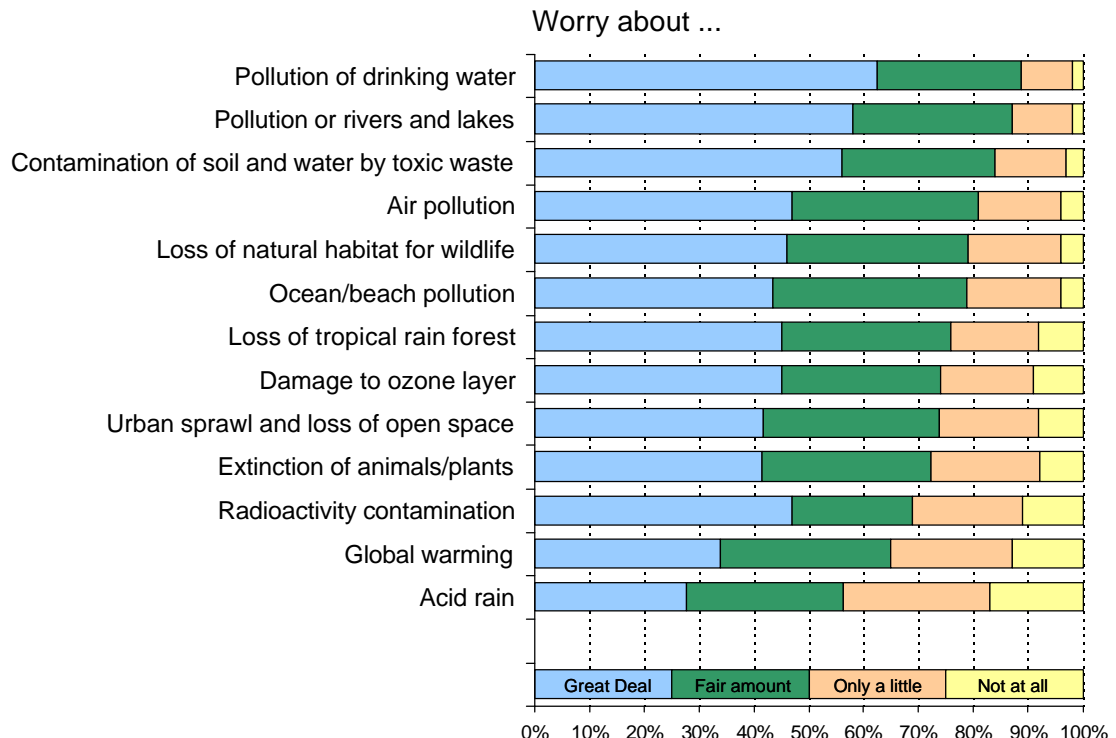
The question formats do not always make it clear which information is being sought and it is suspected that unless all three questions are asked, people would not necessarily make the distinction in their mind and answer the version that is being asked.

The key to the use of scaling technique is to establish a neutral central point. A scale such as degree of concern – Do you personally worry about ...:

not at all → only a little → a fair amount → a great deal

excludes anything to the left of “not at all” such as “no need to be concerned” and implies that you should be concerned. The results of this analysis will always inflate the level of concern. What becomes important then is the relative order of the factors where there is most concern not the absolute measure of concern. Also, such studies may be influenced by the amount of news coverage received for each of these items in period preceding the study.

Interestingly, people with genuine concern appear to worry less (results from a split sample).



[Source: Gallup 2001]

Otherwise a typical Lickert scale from, say, Agree strongly to Disagree strongly does have a neutral midpoint, and although there are issues about the tendency for some people not to use the extreme ends of such scales they do align themselves on the appropriate side of the midpoint.

Most surveys do not try to distinguish the three different perceptions – importance, strength of feeling or need for action. By using only one of these, it is not clear which interpretation the respondent may have used. Although a fair degree of correlation may be expected, it requires additional knowledge about policy options and their costs to be able to make valid judgements.

Conjoint analysis has not been regularly used to evaluate tradeoffs but some research uses forced choices. For instance, in evaluating whether the environment should be looked after or economic growth sought, there does not always appear to be a belief in mutual exclusivity - it is believed that environmental protection and economic gain can proceed simultaneously - 67% as opposed to 25% who feel they are mutually exclusive (Cambridge Research). The difficulty here is the simplicity – many economic costs and benefits cannot easily be valued, especially of externalities and are excluded from measures of the economy. This has become a complex area of academic research. Forced choices may work if a psychometric structure could be devised to derive partial agreement and profiles can be compared.

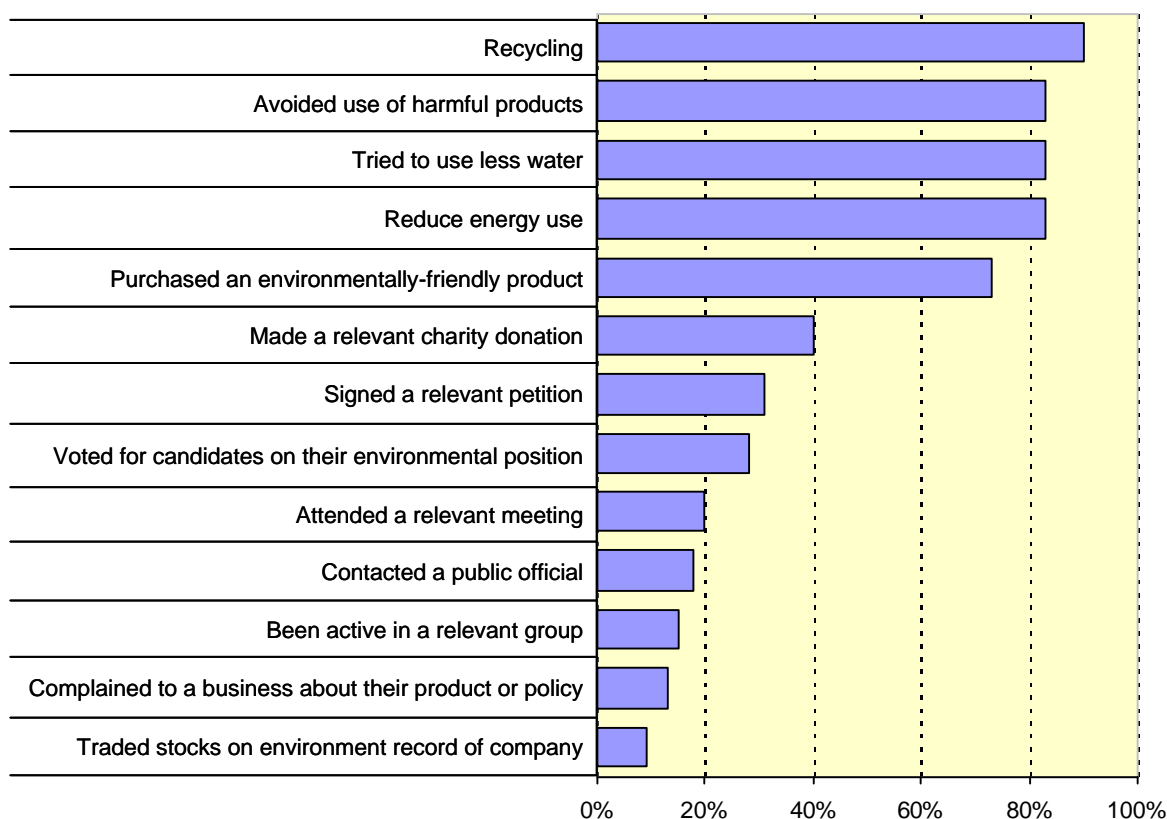
## 5. CONSUMER BEHAVIOUR

### 5.1 WHAT DO CONSUMERS DO?

Apart from a declared concern for the issues, do consumers expect others to take collective responsibility or do they understand that individual decisions and actions contribute to the whole?

When asked about specific actions they have undertaken in, say, the last year – responses tend to be fairly high:

#### PARTICIPATION LEVEL



Source: Gallup 2000

Although there may be a certain amount of exaggeration in undertaking what are socially desirable tasks, there are several issues:

- the period taken is an extended period of time, so high levels of participation should be expected
- some activities are the results of third party involvement providing the opportunity (even compulsion in many places) such as recycling so it is not entirely voluntary
- the frequency of some activities is very high, such as shopping, so it would be surprising if such action had not been taken – even by accident
- did they succeed in “trying” to use less water
- did they reduce energy for environmental reasons, or to save money which does not give any information about their motivation

## 5.2 CLASSIFYING CONSUMERS

Using such data, the most common approach has been to try to classify consumers as participants, on a single scale, to be able to categorise and characterise them to help with our marketing:

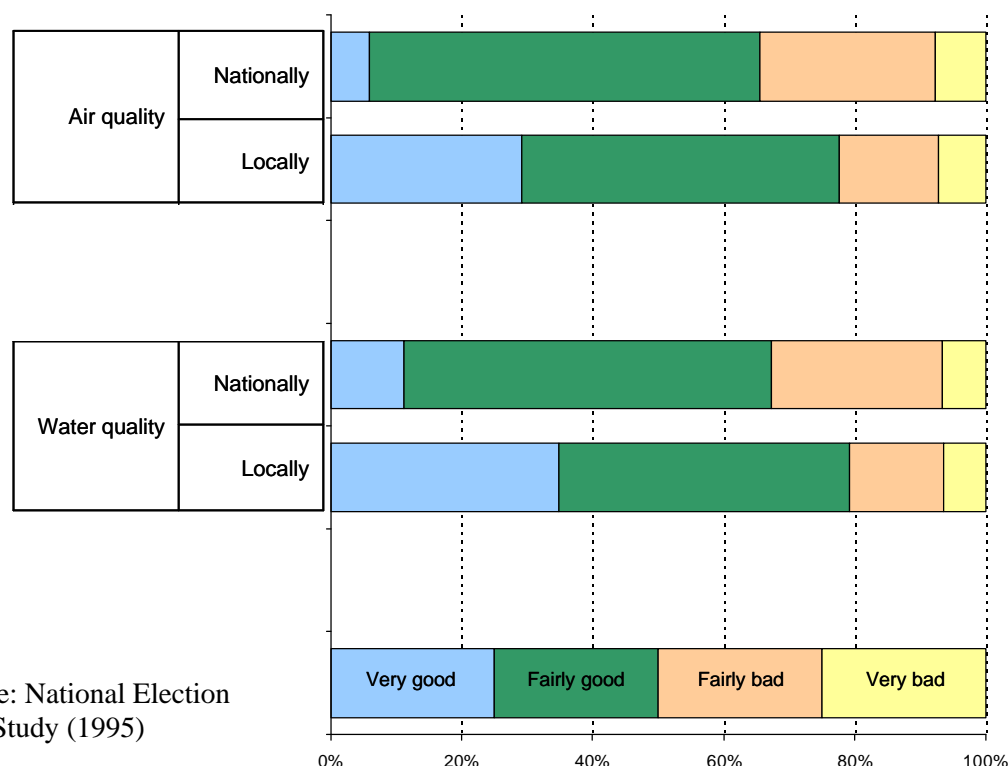
Roper	LOHAS	MORI
True Blue	LOHAS	Global
Greenback		Conscientious Consumers
Sprouts		Do what I can
Grouzers	Nomadics	
Basic Browns	Centrists	Brand
		Look after mv
	Indifferents	

These scales are not directly comparable, but they all have the same basic scale, have a descriptive profile of the groupings and acknowledge that there are fuzzy boundaries – this represents a spectrum, not clear cut divisions. LOHAS (Lifestyles of Health & Sustainability) appears to have a higher level of participation, but this includes 5 dimensions which extend beyond the sustainability agenda. The MORI scale may overestimate the level of participation since they only require 5 actions over a long timescale to qualify as a conscientious consumer out of the many that are possible.

These scales are based on participation levels and the level of commitment in the descriptions is derived by inference from that. It is suspected that these classifications are not reaching the underlying attitudes and motivations and reveal little about the level of knowledge and propensity to take action. If so, they are over-estimating the level of commitment of most people and this would account for the intuitive belief that there is less progress than is desirable. It doesn't account for the difference between two people, one who does everything they know about and one that does only a little of what they know, but which amounts to the same level of activity.

There is some evidence that people don't like to be labelled ethical consumers (CSR Europe), perhaps especially those who like to talk about ethical issues and tend to have liberal views.

It is frequently argued that self-interest plays an important role in motivation. Perhaps part of the difficulty is that people don't perceive the threat to them personally:



Respondents clearly believe that they experience better air and water than others. This suggests that their concerns are based on what they believe to be the state of the nation, not what they are experiencing personally. They have probably learnt about this through third parties such as press coverage.

## 6. REQUIREMENTS FOR CULTURAL CHANGE

Overall, therefore, it seems that:

- there is a relatively high level of concern to the extent that there is now a general consensus
- the issues are subordinate to many others that affect people more directly and personally - they place a priority on short-term concerns rather than long-term uncertainties.
- the strength of their conviction and of their attitudes is in doubt – they remain unwilling to act on their beliefs in the expectation that someone else will deal with it
- they see the issues in a global context, the problems are worse elsewhere – the issues do not affect their personal experience so do not encourage participation
- knowledge levels are relatively low, especially when asked to consider the policy implications of addressing the issues

There is no shortage of sources of information, so, what we are seeking is an ability for people to be “tuned in” to receiving or even actively retrieving messages and tips about the contribution they may personally make. This pre-supposes that they have a baseline understanding that such actions are really necessary.

### 6.1 CHANGE MANAGEMENT

It is difficult to establish a fundamental cultural change so that people do actively receive the messages about the potential for their personal contribution and consider the impact it may have on their lives – it is easier for people to accept changes in the actions expected of them that relate to their existing mindset – to change the mindset is a bigger challenge. From a psychological perspective, there are perhaps 4 conditions:

- people need to believe in the underlying purpose – if they are asked to undertake actions that are inconsistent with their beliefs, they will suffer cognitive dissonance and discomfort (as described by the social psychologist Leon Festinger in the 1950's). If they can't accept the concepts inherent in sustainability, then asking them to act in any prescribed manner will likely be ineffective
- people need positive re-enforcement in tune with their behaviour – they need some feedback that what they are doing is worthwhile, recognised ever since Skinner's rats learnt to negotiate a maze to get a reward of food while avoiding electric shock. The difficulty here is that the ultimate benefits are so remote from the present and short term personal benefits are so few that this is difficult to achieve without fiscal or regulatory incentive. Also, there comes a time when the processes that do re-enforce or condition the new behaviour lose effectiveness – a sort of immunity sets in (again, as with the rats that learnt to tolerate the electric shocks). Some 30 years after it started, this is why new initiatives are constantly needed to maintain momentum, even if they have the same underlying objectives. An Arthur D Little study reviewed companies that had a good environmental performance, but which later ran into problems once the easy hits had been achieved and identified that there was a failure to align business and environmental strategies in terms that other managers could relate to.
- people need to know what they can actually do – if they can't translate the overall objectives into how it affects their actions, then they won't/can't take



the actions. People learn through a multi-stage process: listen to instructions, absorb the new information, use it experimentally, integrate it with their existing knowledge – repeatedly until it becomes second nature. Change only happens in steps so it will need time; but, we are impatient for change.

- people need evidence and role models – they need to see that people or organisations they respect take actions that are consistent with the objectives. This occurs within groups with which people identify, a peer group which helps propagate the shifts in attitude, rather than a remote organisation however well respected. Testimonials from respected peers, quantifiable information from surveys, sound business analysis

Applying anything less than all 4 of these principles would be ineffective. On the whole, people do get a sense of satisfaction from effective change. They will only put sustained effort into a new kind of behaviour if they have a rational understanding of why it matters AND if it means something deeper to them, an emotional connection to behavioural change. Typically, people measure their personal satisfaction less by their personal achievements, but by the extent to which they have made a difference to their community – this should help sustainability, since their actions should benefit all occupants of the planet well in to the future.

## 6.2 BELIEF IN SUSTAINABILITY

The first requisite is that people have a baseline understanding that such actions are really necessary. And therein lies one of the first difficulties. As discussed, in spite of relatively high levels of overall concern,

- it is still a low priority relative to more pressing needs
- levels of commitment are low
- and levels of knowledge to be able to evaluate policy options are inadequate.

There is inconsistency and confused messaging sufficient to introduce doubts about the underlying need in spite of overall social desirability. Partly, this is due to exaggerated claims about the consequences of inaction – the press and certain NGOs only ever cite the worst possible scenarios which are clearly so outrageous that if such exaggeration is needed to make the point people begin to wonder that there is a need at all.

To take one obvious example – global warming. Any warming that has occurred is modest and may not even be entirely attributable to increase CO<sub>2</sub> levels. All the concern is based on modelling the outcome of increased CO<sub>2</sub> levels – and there is cause for concern. However, there were 40 models with varying assumptions - the only one that is ever quoted is the one model which assumes a worst case scenario for every factor and no effort made to manage it. This is unrealistic. Also, the models do not properly account for aerosols, water vapour levels and cloud formation and levels of surface radiation. How is the consumer to make sense of this? Open discussion is fine, but selectively presenting evidence for effect is dishonest and I believe is damaging confidence in the conclusions.

Certainly, when people are asked to evaluate the trade-offs required to manage the environment, their level of knowledge and understanding of the interactions is inadequate. Alternatively, people may be filtering information to suit their prejudices rather than considering both sides of the argument.

The principle platform has been FEAR, through exaggerated claims of the consequences of inaction – this may be effective as a one-off incentive, but probably not for ever! After all, Skinner's rats overcame their fear. This needs to be replaced with engendering a level of responsible concern for more reasonable reasons.

### 6.3 WHERE ARE THE BENEFITS?

Secondly, they need to be able to recognise the “green” benefits – the public demands products that are “green” as long as they work as well as existing brands and (apart from a minority) there is no price premium. Does this mean that most people are free-riders? – happy for others to take the initiative and will selectively follow when it suits them with no sense of urgency. There are many intangible benefits – but, you can’t see the reduction in emissions if you use an energy-efficient product and you can’t see CO<sub>2</sub> levels changing. There is an educational requirement – the facts are not self-evident and the ultimate benefits need to be explained. But there is no adequate shorthand, the explanations need to be sufficiently thorough. From a marketing standpoint, how can people make the connection between a “green” product or a “green” organisation and the ultimate benefit.

Many studies have revealed that most consumers will not buy products on the basis of environmental benefits alone, but that environmental benefits may be used to support the primary benefits. This is coupled with a degree of scepticism about the claims, a suspicion of price ramping and a general uncomfortable feeling about buying from large companies.

At the same time as many as 65% of firms report that legislative pressure is the main incentive to launch green products and we have established that consumers expect them to do so. Catalytic converters and unleaded fuel are both examples where companies took a lead for marketing purposes (VW Audi and Esso respectively) which was largely ineffective until either made compulsory or a tax incentive offered. This is in marked contrast to the detergent or recycled paper product market where visibility has never risen very high. However, once established, there is an incentive to improve the products – early catalytic converters reduced performance so they were made better and super-unleaded fuel was developed with a higher octane rating. As a consequence, the R&D expenditure on “greening” products has a relatively low priority in many firms.

This can lead to a vicious circle – without R&D, products will not improve to the point where they are acceptable, so shelf space is rationed, so their market share remains low, so the economies of scale are not achieved, so there is no margin for further R&D.

Philips (who have undertaken much research in this area) find a great deal of sympathy for the principles (50% positive), concern for the outcomes (60%) and are quite sympathetic to green marketing efforts, people actually seem to want the additional information – the level of interest is at 60%, even amongst those who are neutral about environmental issues. So when bundled with other benefits, people are receptive and do want information about the environmental attributes. This suggests that they are willing to learn and that has implications for communicating the environmental benefits, even of those things that don’t directly impinge on the purchasing decision e.g. use and disposal of toxic substances or materials reduction in manufacturing.

However, products need to be positioned to the broader market, not just the green minority, and product benefits need to be reinforced with evidence of corporate environmental performance. Philips has managed to achieve an internal cultural change which emphasised the need to consider these issues at the product concept and design stage.

In spite of consumers claiming that they would pay, there is a gap between awareness and action which means that these sentiments are not reflected in sales. Pricing strategies still have to be based on the relationship between perceived value and performance – do sustainability issues add to performance?

The reason for a price premium probably needs to be explicit and may include:

- diverted into a suitable “cause”
- used in “fair trade” arrangements whereby a higher proportion of the end price goes to the original producer
- to limit demand so that resources are not exhausted
- imposed – such as electricity tariff to fund research into renewables
- used to facilitate proper disposal

Similarly in the supply chain, a recent qualitative study undertaken on behalf of the World Bank “Strengthening Implementation of Corporate Social Responsibility in Global Supply Chains” found a less than adequate level of commitment and barriers to implementation that centred on insufficient understanding of the benefits. It also identified multiple codes of practice that have introduced inefficiencies and confusion leading to reduced participation.

#### 6.4 HOW TO EVALUATE A PURCHASING DECISION

This brings me to a major issue – at what point do people have confidence that their purchase is sustainable or socially beneficial? Given the vast array of the sustainability agenda and possible solutions how can any purchasing decision be satisfactorily made? No-one can be expected to have a check-list of several thousand items for every purchasing decision. Either there has to be a single key “green” benefit which can be communicated during the decision process and which by itself is sufficient, or there has to be a general level of confidence in the organisation that they are working to the appropriate principles, or both – the producer’s claims have to be trusted.

Consider the product engineered for easy disassembly – the benefits may be:

- lower cost of maintenance
- and easy separation into appropriate waste streams

Which would provide the best platform? – perhaps either in different contexts.

The product benefits help the buying decision; the recyclability benefits improve the corporate reputation – perhaps getting the product on to the shortlist in the first place. Going back to our consumer decision continuum, this is how knowledge accumulates in the mind of the consumer.

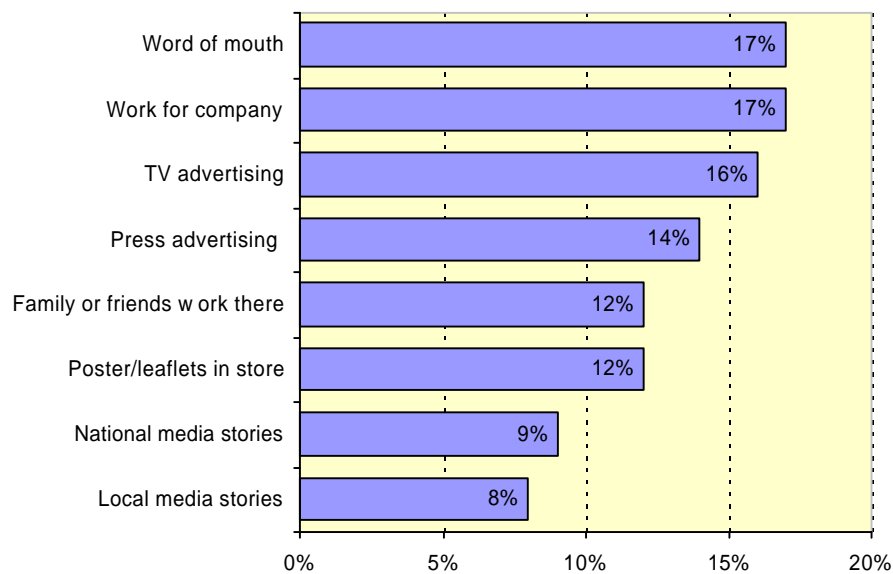
One challenge for marketers is that the marketing paradigm has been built around excessive consumption – more, bigger, additional features, upgrade, replace, emulate a more affluent lifestyle, etc. – each marketing manager doesn’t want to lose sales if overall consumption falls – he wants his competitors to lose them.

#### 6.5 SOURCES OF INFORMATION FOR PURCHASING DECISIONS

The main sources available to marketers are:

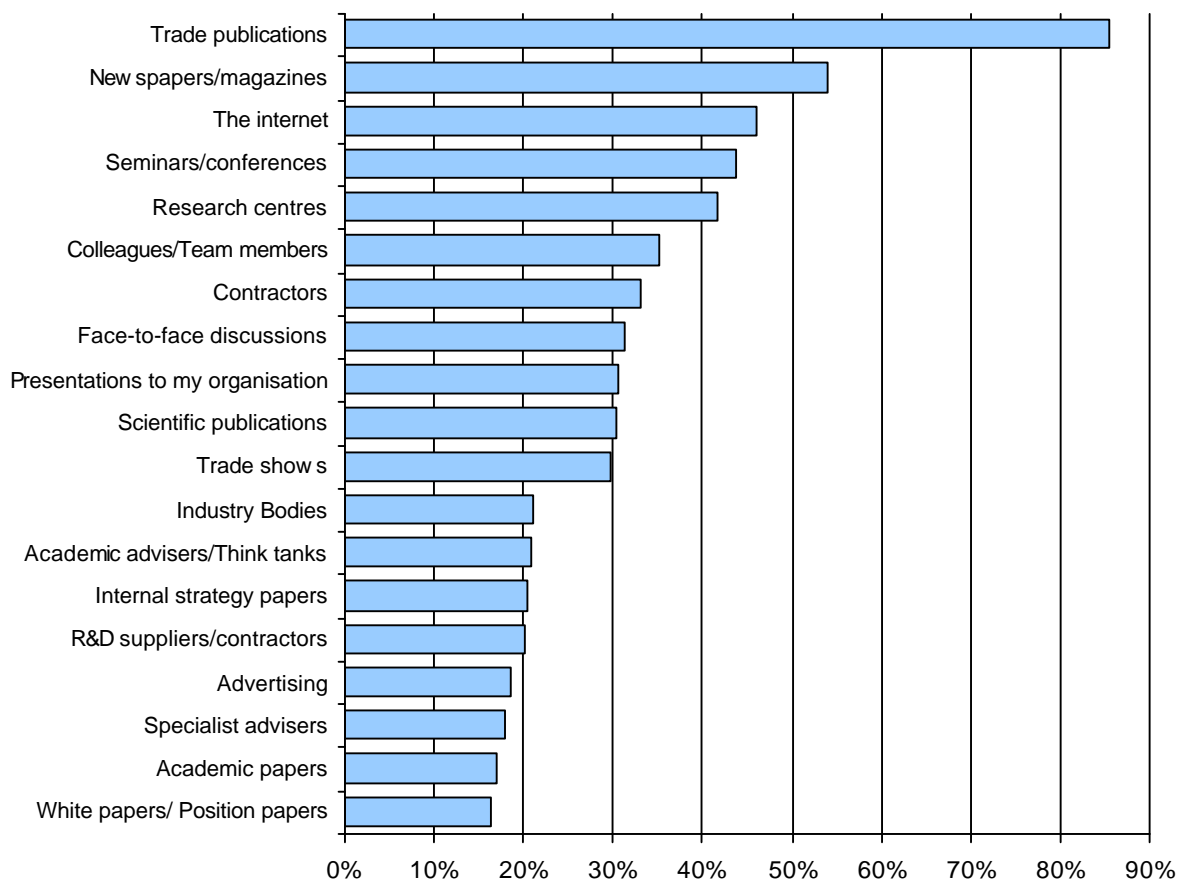
- retail environment: pos, packaging copy and green labelling
- advertising and promotion
- corporate communications

This contrasts with the preferred communication methods (MORI):



This seems a very odd list – at MPG International we do a great deal of media research and I am very surprised that advertising scores higher than editorial. And, how many companies can an individual work for? Missing from the list are any self-help sources such as web sites where people can actively seek what they need to know.

Contrast this with a list from a B2B environment (typical, although the order varies by industry) where evaluation is part of a more formalised procurement process:



Source: MPG International (2004)

## 6.6 RETAILING/DISTRIBUTION

Most retail purchases are made from the shelves – people need to be reminded at the point of sale – the customer can only buy a) from what is available at the time and b) on the basis of packaging copy – the decision has been largely made for them when it was decided that that product should get shelf/showroom space. With a bit of knowledge, people may feel more or less comfortable about the purchase, but they will probably still make the purchase. The cost of shopping is so high (in time) that this is a disincentive to seeking out a more appropriate alternative, perhaps with the exception of major capital purchases when more research is usually undertaken.

Major brand names can more easily get retailers to experiment with shelf space and can offer merchandising incentives, although the products may still fail. Newcomers do not have this advantage and can fail to get on the shelves at all. Perhaps more innovation in business models is required here, such as happens in IT and pharmaceuticals with extensive cross-licensing and marketing agreements – there is an element of NIH (not invented here) about some of the major retail brands unless it fuels a corporate deal with benefits to the share price.

On the issue of packaging/brochure copy – there has generally been much confusion. Some products are genuinely green other are merely greener versions of established brands but which may have a louder voice. If the consumer can't tell what the green benefits are or they suspect that they are being told only very selective information, or they doubt the validity of the claim, they will quickly revert to their usual evaluation criteria. It is suspected that this is leading to increasing disinterest – distinguishing the relative benefits of rival claims is “too difficult” so they don't bother.

A Warwick Business School study identified “disenchantment and confusion through trying to discern what the green attributes of various products really are” amongst consumers.

People would need to be a committed green to read packaging in detail while they are doing their shopping with the resultant extended shopping time required – they need recognisable icons, but then these also get devalued as they are overused (e.g. re-cyclable) and although that is the ultimate aim, they are no longer effective differentiators.

## 6.7 GREEN LABELLING

So is the labelling any use? It seems that it is largely discredited with false claims and eco-labels of suspect pedigree. The International Consumers Association has researched this in detail and identifies the issues as:

- statements are too general, vague and unconvincing – and the more general the less credible
- statements are related to long-term benefits and not just the life cycle impact of the product
- there is no comparative basis – small improvements are just as likely to use a label as a major improvement and is time dependent: once all products, such as white goods in some markets, conform to standards, where is the next level of differentiation to come from
- statements made that are dependent upon third party involvement, such as recycling facilities
- claims cannot be verified (cf. brand confidence)
- proliferation of symbols with different definitions – esp. internationally and which have been accused of being a hidden trade barrier

Of course, this is not universally true and the systems are policed to a greater or lesser extent, but some underlying distrust seems to be there.

There is also an issue with the language – marketers tend to write in short-hand, so what does “environmentally friendly” mean – the explanation may take a whole paragraph and still leave the consumer ignorant. But, the short-hand is open to challenge and may result in a backlash. In any case, the more environmentally friendly version of a product may still fall far short of a substitute that is not being sold by that particular company and they are not going to inform the consumer about that!

People are suspicious of these claims – they probably need to be meaningful, not over-stated, with a clear and unambiguous explanation and made within the context of an overall corporate culture of improvement.

This issue concerning corporate culture may become much more important than individual product claims – high visibility brings the threat of targeting by media and pressure groups. NGOs tend to criticise any company that makes a green claim by highlighting other areas where they are distinctly brown. In some cases, companies keep quiet about their achievements to avoid being criticised for what they haven’t done. The FoE “Green con of the year award” is presented to companies who made “green” claims where there were “brown” factors while failing to accept that many things are a compromise. Intelligence gathering and monitoring by companies will be required to ensure corrective action is taken if necessary.

Product claims probably need to be backed up by a culture that the company really is working to make progress on as many fronts as practicable and as quickly as possible and the buyer/consumer understands this.

## 6.8. B2B MARKETS

In the B2B market, there is a much greater opportunity for systematic evaluation and some companies now expect their suppliers to have a sustainability policy of some sort or another. However, just consider how much interaction the professional buyer would usually have with the marketing department of the supplier – his objectives are usually limited to cost of supply to appropriate quality standards and precise logistics. Design teams may more consciously acknowledge marketing objectives, although there is still the risk that sustainability features may be engineered out when production designs are developed.

In the supply chain, the World Bank Study identified that the “plethora of individual buyer CSR codes is now generating inefficiencies and confusion” where codes of practice are the B2B equivalent of labelling.

As long as sustainability issues are strongly held personal opinions of the people involved, sustainability objectives may survive. However, we can only expect much the same proportion of agnostics and tree-huggers as in the general community.

Otherwise, an overriding corporate objective is required which pervades the thinking of all people involved. How can this be developed? Well, apart from the requirement that the board accept the sustainability objectives in the first place, it requires internal communications about the strategy which in most organisations is sadly lacking to start with. When we do brand evaluation studies, the internal brand image is just as important as the external image, yet frequently the image is just as confused. Also, even if the communications channels work to distribute information, this is not the same as the message being received.

Internal distribution of CSR reporting is a key motivator to maintaining “appropriate” attitudes helping companies manage their operations (cf.).

## 6.9 SELF HELP SOURCES

If an individual is sufficiently committed, they will actively seek information to help them with their choices and actions. Many of these are web based, often as part of a consumer organisation, but may include subscriptions to specialist magazines. Company's CSR reporting (cf.) is almost wholly web based.

As an example, a Danish organisation The Green Informationcenter Electronic Tools Taskforce is setting up a reference web site, but on enquiry they had no information available on:

- how the service would be promoted and to whom
- how people might be encouraged to take action rather than just seek information
- expected impact on people's purchasing habits

If such activities remain "hobbyist" they will have little impact. They would need to be very comprehensive to be very useful requiring considerable professional resources.

## 7. BEHIND THE PRODUCT

### 7.1 THE BRAND IMAGE

So, if it is too hard to evaluate every purchasing decision, how much confidence is there in the brand or the organisation backing the brand? In many ways, it is suspected that this will have far more impact in the long term than promoting individual green products.

A study by the Conference Board (USA) 42% of respondents felt that companies should be wholly or partly responsible for helping to solve social problems; 33% said companies should set higher ethical standards than required by regulation.

In a recent Roper study 70% of respondents claimed that corporations put "too little" effort into "giving back to communities in which they operate" and 68% "protecting the environment" – 2<sup>nd</sup> and 3<sup>rd</sup> amongst the set of issues tested.

In MORI's regular monitoring study, 21% agreed that there is "too much fuss" about environmental issues and this proportion has been increasing. There is an increased tendency to feel that companies do not pay enough to the environment and seem to have a feeling of hopelessness about what their own efforts might achieve. However, in last year's study, the proportion of people who believe that a high degree of social responsibility is "very important" when making purchasing decisions almost doubled from 5 years previously 24% to 44%

Apart from a few companies that have advertised their green credentials (usually as a defensive move), such as Shell, the only place where there is a comprehensive statement of what they stand for is in CSR reporting (Corporate Social Responsibility).

Does this do the job? Key questions are:

- How well does it align with the Sustainability Agenda?
- Does it have any influence?
- Does it create Brand Value?
- How will it develop?
- Does it engender organisational change?
- Can marketers use it?

How does a consumer verify that a company is operating ethically or a product has been made to ethical standards? What are consumers looking for and where do they look? There are ethical criteria used for investors, but no equivalent guidance for consumers.

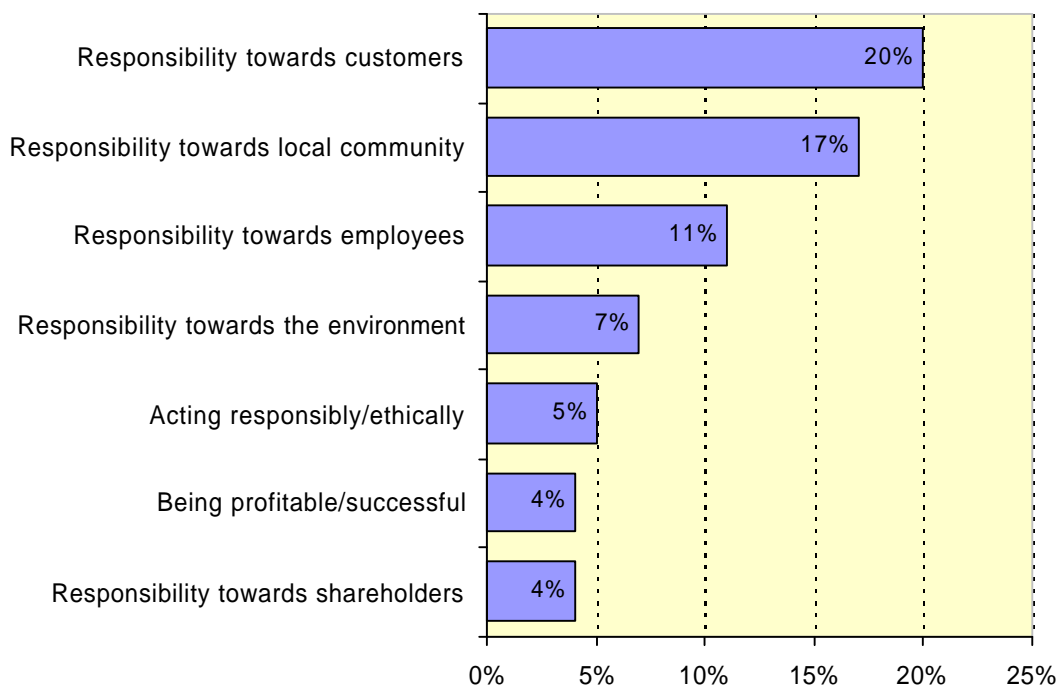


## 7.2 IS CSR EQUIVALENT TO SUSTAINABILITY?

CSR reporting is currently voluntary and there is no prescribed format. This allows companies to highlight selective issues either because of achievements or to defend criticism (corporate spin) – but does not allow benchmarking performance on standard issues to make comparisons.

How well does the CSR agenda align with the Sustainability agenda – only partially – a Burson-Marsteller study identified the main attribute of a responsible company as their treatment of employees (75% of Germans, lower in France & UK and even NGOs put it as the number one attribute). Environmental responsibility ranked 4<sup>th</sup> with only 35% claiming it as an attribute of a responsible company. A similar CSR Europe study showed roughly the same pattern.

And in a MORI study:



CSR is a descriptive term and people seem to interpret it with limited scope, concentrating on the word “social” rather than the whole sustainability agenda. Inherent in the term are responsibility towards customers, the local community and employees and these are the 3 things that CSR is recognised for.

Studies of the coverage of CSR reports show that it has evolved to cover different agendas in different organisations, rather than the broader world-wide community. On the whole, companies use it to challenge accusations, defend their reputation and seek to convince consumers they have listened and changed – a mix of negative and positive type responses. It is never an audit that may be used comparatively, but is driven by PR considerations with selective reporting.

Sometimes CSR is limited to corporate altruism in the local community. This focus on the philanthropic or cause-related marketing tends to be local to company location and not for the benefit of humanity so cannot affect the underlying motivations of consumers.

Those reports that include environment reporting tends to contain more quantitative information, since there are measurable parameters and regulatory targets.

The Environics Corporate Social Responsibility Monitor confirms that both social issues (21%) and business ethics (16%) are seen as more important than environmental issues

(12%). Respondents felt that companies should not just give money but should take action, and be seen to be taking action. They were asking for more communication - then, they would punish those seen as socially irresponsible.

Interestingly, brand reputation was seen as important by 35% but there was no measure of the impact of CSR factors on brand image. There is an interaction here that needs to be evaluated and we are now trying to persuade our clients doing brand evaluation studies to add sustainability factors as brand attributes to see if this is differentiating compared with their peer group.

In contrast, a study by the Hawke Inst., Australia found environmental issues to be rated important by 61% of respondents, and ranked first. However, in terms of importance in influencing corporate reputation, the top factors were workplace and social issues. This study undertook factorial analysis to determine which factors were discrete indicators of behaviour, correlating a range of CSR issues with intention to deal with a company and influence on corporate reputation. By modelling the factor structure, a Corporate Citizenship Scale was developed using 37 factors which identified 4 categories of corporate citizenship: community, management, workplace and environment, subscales which could be used as a comparative measure.

This raises 2 issues:

- this study was done giving the respondent time for due consideration of the issues – how much information about the 37 factors would be readily available in order for people to actually make a judgement and then maybe refuse to deal with the company – even the top environmental factor such as a major pollution would be newsworthy locally, but the news would probably not travel very far in a global market
- if we want to use the subscales to measure companies - how can the 37 factors be measured– many of them are subjective and may not even apply in many instances. If the company does not have offshore factories, they can't employ children in them, so giving them either "full marks" or "no marks" would dilute the effectiveness of the measure.

Nevertheless, pressure for CSR reporting has continued. Some 97% of FSTE100 companies now have reports on their web site but only 37% of the FTSE250 (Futerra Survey). But, external visibility is low and falls year-on-year and as it becomes more common. (CSR Europe). CSR reports either on the web or in print do not get through to consumers and little of the content is reported in the press since it is seen as "glossy" not "real" reportable information – except for certain "newsworthy" events.

A Canadian study considered the motivations for reporting:

- seen as an essential requirement for building relations with communities and employees
- to demonstrate that issues are being dealt with
- regularly take stock of progress against objectives and re-define priorities
- transparency and accountability, moving from "Trust me" (i.e. accept what I say) through tell/show me to "Involve me", especially where NGOs can organise counter-corporate strategies such as consumer boycotts, class action law suits and press for restrictive regulations

and saw the benefits as:

- maintain internal attitudes to recognising what can be done
- maintain and promote corporate reputation – especially since anti-corporate campaigns are so one-sided

- create customer loyalty
- attract and retain employees
- risk avoidance: alert people to being receptive about issues and the mechanisms for raising them
- get people to understand what company is doing

In spite of that, this study showed that companies have not received much external recognition for their reporting, although some for their actions. Canadians recognise that they are behind Europe in reporting, but don't know where they stand compared with US companies because of "a lack of credible research concerning US reporting practices".

### 7.3 RESPONSIBILITY TOWARDS SHAREHOLDERS

This scored least and the anti-profit attitudes are a major concern. If people put their money into a savings account and the bank said "sorry no interest this year, we built too many Scout huts" that is what people are asking shareholders to accept. Also, if some one makes money from trading shares, it is at the expense of other shareholders (some one else made a loss or assumed a greater risk), not the customers, although it might increase the cost of capital for the business with potential knock-on effects.

A key conclusion from an analysis by Inst. Economic Affairs stated that "many advocates of CSR show a lack of understanding of the rationale of a market economy and the role of profits within it" and was generally critical of the diversion of resources driven by "alarmist views on the state of the environment" and "ill-advised policy directives".

Growth in share prices should come from either real growth of the business or an expectation of growth of the business – i.e. the business strategy will lead to greater capital productivity. Can this be built on an ethical platform?

### 7.4 INFLUENCE ON INVESTMENT

Pressure to be more open about sustainability issues initially came from investors who were concerned about the ethical stance of certain companies. This led to demands for more formal reporting and the formation of NGOs to encourage this. Ethical or sustainability indexes and investments are now based on a more systematic appraisal of a wide range of issues by specialist companies and no longer rely on CSR reporting.

However, even this is of trivial impact –AccountAbility finds that only 3% of analysts and 4% of investors take environmental or social factors into account when making judgements about a company. In contrast, a Burson-Marsteller study of key stakeholders found that 42% of respondents believe that a company's CSR reputation would increasingly affect share price, although it is suspected that this is a reflection of conventional thinking rather than a considered view.

Encouragingly, some work we have done for DJ STOXX on equity indexes shows that almost 60% of investors expect asset allocation to ethical or sustainability indexes to increase (70% in Italy and Germany, but only 40% in Spain and Portugal – the UK is about average) – against a background of increased investment in index-based products generally. If this does happen, one may expect an increase in share prices – perhaps less because of the ethical issues, but because of the relative shift in demand for shares in those companies. However, such a "bubble effect" as it is known must revert to long term economic trends in time – a bubble effect is only transitory.

### 7.5 VALUATION OF INTANGIBLE ASSETS

Most companies are valued not just on their assets but on their ability to generate business. Yet, financial reporting excludes a whole range of intangible assets that cannot be measured in financial terms. Research into identifying the relationship between intangible value drivers

and financial valuation have led to an understanding that as much as 50% of a company's valuation may be based on these un-measurable factors – even higher in contemporary knowledge-based businesses. This is recognised in the EU PRISM research consortium on the value of knowledge assets and intellectual capital in an organisation.

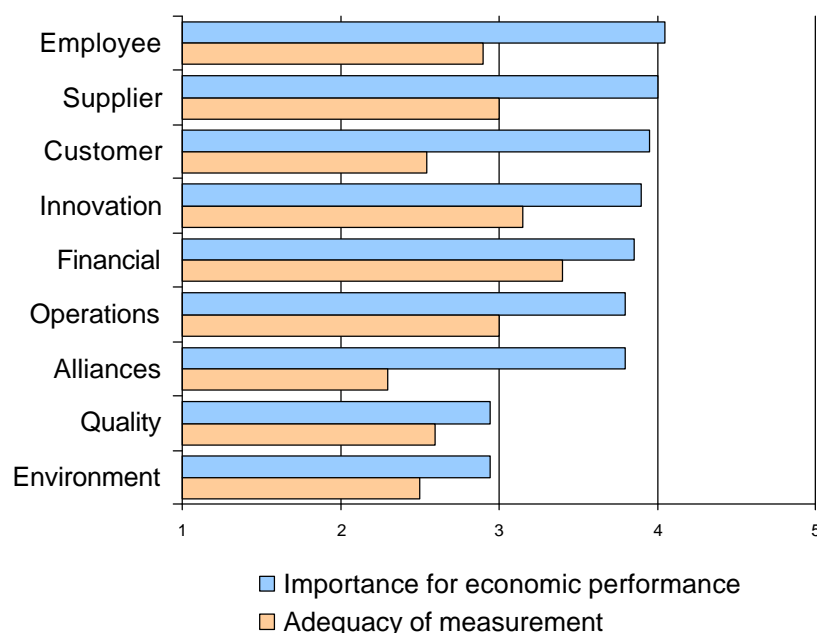
Cap Gemini/Wharton have identified nine critical categories of non-financial performance that determine corporate value creation. These are invariably recognised during the strategic planning process of a company in determining how best to compete. The research has determined the extent to which these factors affect businesses in various sectors and have been able to statistically derive a net index - value creation index – that accounts for the relative contribution of these factors to corporate value by weighting their importance. The relative importance of the factors varies by industry and possibly varies over time, for instance quality has declined in importance as the “fashion” for quality initiatives has declined.

CSR is one of those factors and ranks at the lower end of the scale in importance compared with other measures. The factors in rank order are:

1. Innovation
2. Quality
3. Customer
4. Management
5. Alliances
6. Technology
7. Brand
8. Employee
9. Environment/Social responsibility

To some extent, all these factors may be considered to be brand attributes – that is, what people understand about an organisation and which constitute buyer values include the same factors.

As part of the research, a survey was undertaken to measure the perceived importance of each category for future economic performance and at the same time respondents were asked how well they can measure each factor and again the environment ranked last:



This is reminiscent of the relatively low importance that consumers give environmental issues compared with their other concerns and the low ranking amongst corporate buyer values, as discussed earlier – however important CSR is viewed there are other more important issues.

## 7.6 CREATING BRAND VALUE

Does a CSR stance improve shareholder value? In the early days of the Dow Jones Sustainability World Index (during the 90's), it did outperform the overall global index leading to much discussion about the bottom line benefits – however, the indexes have now more or less aligned. Also, fund managers are concerned that focussing on a sub-set of the market concentrates risk which is usually contrary to their investment policies and pension fund mandates. A study by Business in the Environment (UK) could not demonstrate a link between financial and environmental management performance other than the fact that established and well-managed companies had both lower stock price volatility and a higher environmental score.

A recent analysis by WestLB Panmure analysed the components of sustainability indexes over a more recent time scale, and concluded that the index does outperform other stocks with the same risk profile (that is stocks with comparable volatility), which again may be a reflection of quality of management – there are clearly interactions here that need investigating.

Of course, shareholders will ultimately benefit if the company benefits from a brand that is more easily accepted – the main benefit of a strong brand is that it reduces the selling costs. If this increases capital productivity, then this should improve the share price. But, this is a consequence of there being a competitive advantage in having a brand image that includes sustainability in the first place and not a basis for making an investment decision.

Reporting to the financial community is possibly misguided. The only reasons it is being presented to the financial community are:

- a) because of the trend to treating it as an annual report or an audit, even to the extent of distributing it with the statement of accounts and for historical reasons and
- b) it is distributed by the corporate communications department and communicating with the city is largely what they do.

The real shareholder benefits will come from a stronger business and that derives from the image of the company with other stakeholders, namely the suppliers and customers.

## 7.7 WHERE NEXT FOR CSR REPORTING?

Currently, there is seen to be an “over-proliferation” and “bewildering array” of CSR initiatives world-wide (Royal Inst. International Affairs) with the following weaknesses:

- excessive focus on making commitments rather than implementation, significant gaps in policy framework and incentives to encourage implementation
- an absence of credible monitoring and verification
- a lack of consideration of the international social and economic participation of developing countries

CSR reporting is now starting to be seen as a burden leading to a trend for standardisation of reporting just the essentials. Companies are pressuring for global compliance standards for reporting - certification to environmental and social management standards such as ISO 14000 series of standards for environmental management and SA8000 on social accountability. Regulation is liked by companies because it a) defines the limits of what has to be done and b) levels the playing field – there is no non-competitive economic burden.

However, one suspects that this will lead to focussing on the evaluation criteria rather than the principles. There must be concern that this would end up box ticking and may leave companies exposed to criticism on individual issues whilst appearing to be a good corporate citizen. One strong negative factor can outweigh all the good intentions – nothing that Nike does will remove the apparent inequity of employing low-wage workers to produce premium-rate goods.

It will also remove any element of differentiation that might allow people to judge the relative sustainability strength of organisations and support those who are more engaged.

On a more academic level, efforts are being made to estimate the costs of the economic impact on communities and the environment to be netted off against the financial statements of the business. This may provide more pressure on companies to take lifetime responsibility for products.

## 8. COMMUNICATION

As in any brand study, it should be important to evaluate internal attitudes as well as external – these are the people that can influence other's opinion and we saw that this is a preferred source of information. There is some anecdotal evidence that CSR reporting has a beneficial effect on internal attitudes and this may influence the corporate culture to stimulate much greater consideration of sustainability issues within the organisation. This perhaps needs more systematic evaluation.

The World Bank Study on supply chains found that whereas a top-down commitment was required to initiate awareness, it is insufficient and inefficient in achieving further sustained improvements – wider worker empowerment was needed and the conclusions acknowledged the difficulties in engaging workers.

### 8.1 CAN MARKETERS USE CSR?

How many **customers** are actually aware that companies publish environmental or sustainability reports. Precious few I suspect - 90% of the British public want companies to communicate, but only 30% could name even one company they have heard of that is active (Cooperative Bank). But then how is it possible to communicate positively without it being seen as positioning (by the cynical) – this study found that 87% of people want to know about CSR activities (even if it means less money for the cause) and only 3% were cynical.

Given the demand for more communication, it is interesting that of the FTSE100 companies that have CSR on the web, they do little to engage stakeholders – just put up a report. Is this communication - or primarily for PR?

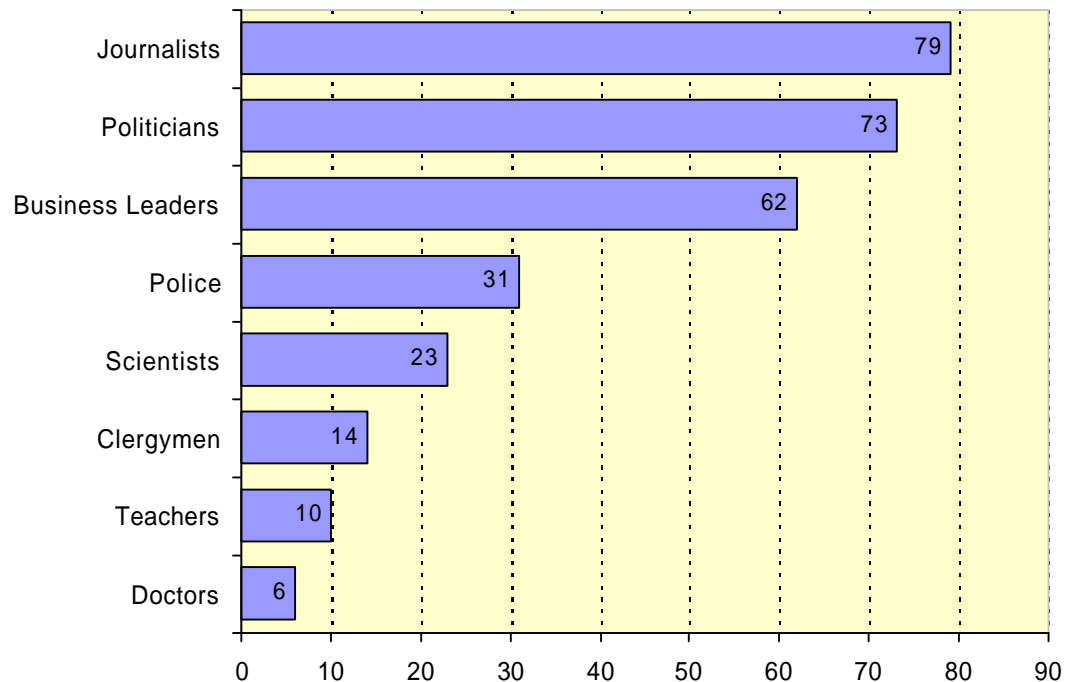
Web-based reporting dominates, downloadable reports as well as detailed web sites, and has the advantage that different levels of detail can be presented to meet the needs of different users in multiple audiences. But does it get to the audience we are talking about?

From a marketing standpoint, CSR communication appears to be separated from the general communication channels of the company – product communications are managed by the marketing department and reputation is handled by corporate communications and largely directed at the investment community – such a disconnect results in a misalignment of the fundamental aims of CSR with the means to deliver it.

## 8.2 WHOSE OPINION IS TO BE TRUSTED

So far, we have looked at how knowledge is obtained, both in terms of understanding the issues and making choices. However, not all information is of equal value – its credibility depends on its source. So, whose opinion is to be trusted?

Percent of people who do NOT trust ... (MORI)



The key conclusion here is that those who most seek to influence opinion are those who have the least credibility with consumers – Journalists, Politicians and Business leaders are not trusted to tell the truth. Given the need for clear and independent views of the underlying issues, it is of concern that trust in the opinion of scientists does not rank very high and has been falling, although there are many stakeholders using scientists to “prove” their own point of view.

This same research highlighted an issue with NGOs – 59% felt that NGOs and companies should work together whereas 27% thought that NGOs should challenge companies. However, it is the culture of challenge that is limiting company reporting for fear of being targeted by confrontational NGOs.

## 8.3 THE CHALLENGE FOR MARKETING

The reality is probably that people are making gestures where it is easy to do so, sufficient to salve their conscience, but that is trivial in relation to the many actions they could be taking. People will not evaluate the social, ethical and environmental consequence of every decision they make. This can work both ways, committed consumers will buy organic food regularly if they believe that it is at least not less healthy and helps to sustain rural communities without investigating the credentials of every purchase, and this is being recognised by big food and agri-business as they start to consolidate some of the more successful minor brands.

It is a moving target as new issues rise to the top of the agenda for a time, then disappear again, so carefully crafted marketing copy may be re-enforced by public debate at some stage in a product’s life, but it will fade away. This is one reason why research is needed – for companies to anticipate changes as they appear on the corporate radar.



At a recent workshop held at the Centre for Sustainable Design, the role of marketers was considered and concluded

- marketers are no more likely than anyone else to consider sustainability
- focus on the bottom line is inhibiting the design of products with added value benefits from sustainable innovation.
- existing market research tends not to include elements of sustainability so the subject avoids proper consideration
- marketing is too often seen in too many companies as merely an adjunct to selling and has insufficient strategic input
- early failures where products were launched on the basis of unsubstantiated or exaggerated claims or inadequate performance has acted as a barrier in some people's minds

Marketers need to consider the wider impacts on customers and other stakeholders, both upstream to raw materials supply and downstream to eventual disposal and this takes them out of their traditional frame of reference. As we are aware some products have failed – controversies over environmental claims, political problems of green labelling schemes, practical problems in setting up recycling initiatives, disappointing uptake of “green” products – but, others are now incorporating environmental considerations systematically into product development (e.g. Philips)

Marketing has a key strategic role between production and consumption and this is uncharted territory for many. Part of the problem may be that since sustainability requires a holistic approach, very few managers in any organisation have the breadth of involvement necessary to develop the strategies without incurring the risk of introducing unforeseen negative aspects.

#### 8.4 RESEARCH IMPLICATIONS

As mentioned this study is work in progress but in writing this paper, we have realised that in spite of enormous amounts of research, work is still required for marketers to:

- a) more clearly differentiate population segments so that the appropriate messages can be appropriately targeted and progress can be measured – moving people up the continuum. The segments need to be defined not just by what they do, but by their underlying attitudes – their strength of feeling and commitment to elements of the sustainability agenda.
- b) establish a benchmark for these attitudes, identifying the relative importance of the attitudes and the magnitude of effect they may have for both consumers and corporate buyers. This will enable marketers to focus on those that are most closely aligned to their objectives and monitor the dynamics of change which will affect their market models and forecasts. It will enable other more specific research about products or services to be compared with a benchmark to help with decision making.
- c) measure more particularly the attitudes of employees within an organisation to identify cultural types of organisation in respect of R&D, supply chain and marketing
- d) research into the communications specific aspects of CSR in the marketing context to identify the most effective messages and means of delivery that will satisfy people's curiosity about the sustainable culture of companies and act as differentiators to help with business development.
- e) research amongst marketers to identify which barriers exist in which types of organisation for incorporating sustainability messages into brand/corporate image

communications and the extent to which brand image may be effective in supporting product-specific marketing by increasing confidence in the supplier.

- f) nearly all current research is Western Europe and North America. What about the rest of the world – do we need a global study or can we treat these as leading indicators?

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