



TALK THE WALK ?

***Advancing Sustainable
Lifestyles through Marketing
and Communications***



Acknowledgements

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

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

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

Limits of the report according to the Review Panel

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

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

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

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

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

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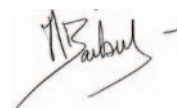
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Forewords

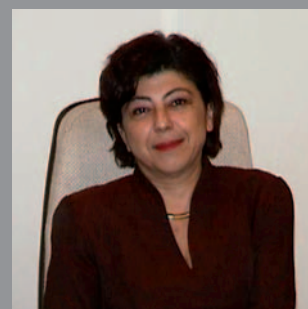
As consumers, we all do not always behave rationally and consistently. This is referred to as the so-called values-behavior gap. As a result, companies wonder what would be the return on investing in the integration of sustainability concerns into their marketing mix. Pioneer companies are managing to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

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

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



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



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

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

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

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



Georg Kell
Executive Head,
Global Compact Office



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III – How can I do it?

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2 - Where do you stand?

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3 - Where to find more resources?

Short-list of books, reports and websites of interest, (including an interactive index).

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

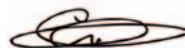
- If you read the PDF version on your computer click on [the link](#) and the ad will automatically be displayed in your browser.
- If you read a paper copy, go to www.talkthewalk.net where you will find a user-friendly interactive index.

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

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

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

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



Stanislas Dupré
Manager,
Utopies



I – How can marketing foster sustainable consumption?

Overview of our findings



What is wrong with current consumption patterns?



Overview of this section

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

Booming consumption

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

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

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

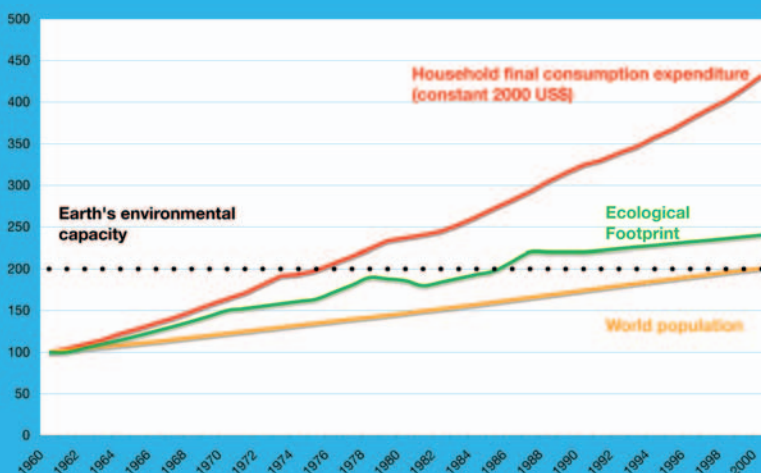
Our two planets lifestyles

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

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

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

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



Sources: United Nations, WWF.

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

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

3 Living Planet Report – WWF (2004)

4 A country's footprint is the total area required to produce the food and fibre that it consumes, absorb the waste from its energy consumption, and provide space for its infrastructure. (Source: WWF)

5 Source: Feed the World without starving the Planet - UNEP (2003)

6 Source: ADS #25 (1998)

Consuming less or differently

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

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

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

Unfortunately, numerous obstacles remain on both paths:

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

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

Fig. 2: The Consumption Equation

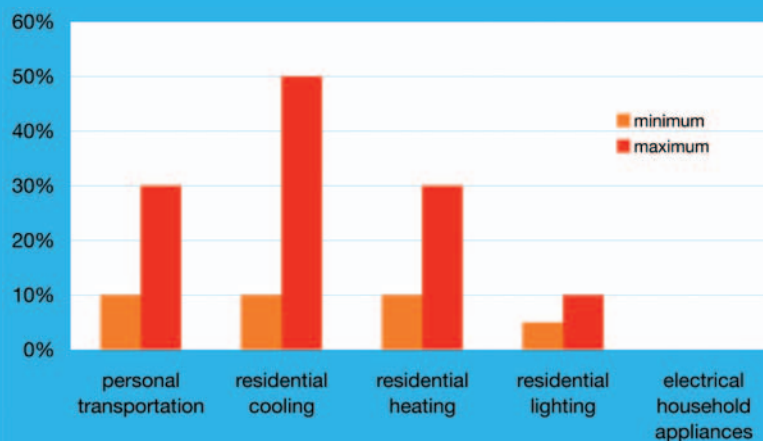
The relationship between population, consumption and environmental impact can be described in approximate terms by an equation established by Ehrlich and Holdren in 1971:

$$\text{Footprint} = \text{Population} \times \text{Consumption per head} \times \text{Environmental efficiency} - 1$$

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

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

Fig. 3: Rebound effect in various areas, USA



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

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

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

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

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

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

Can marketing be part of the solution?

Overview of this section

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

Sustainable consumption

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

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

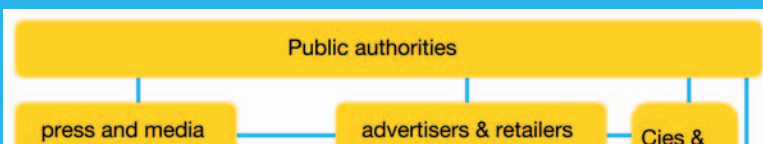
“Sustainable production, sustainable service and product design, sustainable procurement, green marketing... these programs are all good for the environment, but they are also good for the economy (saving costs, developing domestic markets, seizing export opportunities) and they are also good for social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

The potential role of marketing

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

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

Fig. 4: Structure and networks influencing consumption patterns



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