World Federation of Advertisers

Marketing and Sustainability

How marketers can reconcile the consumption conundrum

December 2020

wfanet.org

The UN SDGs and marketing

Many companies across a multitude of sectors are taking a variety of actions to address the UN Sustainable Development Goals.[1]

Marketers too are taking action. For instance, many progressive members of the WFA network are taking important steps through the WFA Diversity and Inclusion Task Force[2] to address SDGs 5 and 10, which strive to achieve gender and racial equality.

Others are promoting behaviours that lead to more sustainable cities or communities (SDG 11) or are taking purposeful stands against poverty (SDG 1), hunger (SDG 2) and good health and well-being (SDG 3).

But given the traditional role of marketing, many still see it to be at odds with SDG 12 that promotes responsible consumption and production. If marketing drives irresponsible consumption and production then marketing will also likely undermine SDGs 13, 14 and 15 on climate action, life on water and life on land respectively.

Going forward, this is the condundrum that the marketing profession and industry must reconcile. Traditonally seen as a 'consumption driver,' is marketing at odds with sustainable life on our planet? Or can modern marketing instead be seen as a catalyst for more sustainable thinking and behaviours?

Is marketing at odds with sustainability?

The objective of marketing is to sell products and services. In a mature market, the objective is chiefly to foster competition, encouraging more consumers to buy Brand X rather than Brand Y. Conventional theory tells us that without such efforts, competition could suffer, innovation could slow down and demand could stagnate.

But most of us feel humanity is trespassing planetary boundaries and that, without a rethink of what and how we consume, our children may not have much of a future. The fundamentals that drive all forms of consumption are being called into question.

Marketing is central to this conundrum. 2019's Cannes Lions Festival faced disruption by Extinction Rebellion. The letter below sent by the movement to the industry at the time is worth reading.

Extinction Rebellion threatened to send 10,000 protesters to the 2020 Festival. The cancellation of the 2020 event allows us to pause and reflect about how we might address this challenge, which doesn't come just from radical groups but is visible across a new generation of consumers.

Extract from Extinction Rebellion letter to the marketing industry

"Dear Founders, CEOs, CCOs, CMOs, CFOs, MDs and CDs of the advertising industry,

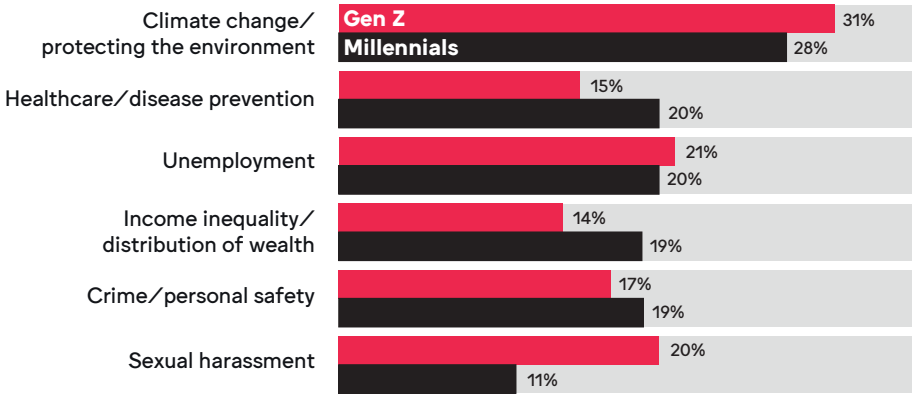
You didn't think we'd forget about you? We know you like things simple so here they are: We're not on the verge of the Sixth Mass Extinction. We're in it. If everything on the planet dies, we die. That's not a distant future. We are only a few years away from an irreversible temperature climb, although biodiversity destruction may get us first.

"What can I do?" you're thinking. [...] The answer is: [...] you can shift mass behavior in a heartbeat. **One of the reasons we've got here is because you've been selling things to people that they don't need. You are the manipulators and architects of that consumerist frenzy.** Imagine what would happen if you devoted those skills to something better.

No, making a small campaign to give up drinking from plastic straws is not going to cut it. Neither is doing some pro-bono for an anti-palm oil initiative. Here's the thing you can do: Declare a climate & ecological emergency and act accordingly. Persuade your clients and their audiences to do the same. If you don't make this change, consumers will insist you do. [...] People are beginning to see where the problems lie, and soon they will see you."

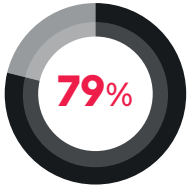
Climate change has gone from the bottom of Millennials' personal concerns in 2017 to the top in 2019-20, a ranking shared by Gen Z.[3] This is not just an issue for the young and passionate: Millennials are starting to celebrate their 40th birthdays.

Top concerns among Millennials and Gen Z



This is what led sustainable change agency Futerra to coin the term "the honest generation" (Gen Z): whilst Millennials drove brands to be purposeful, Gen Z demands proof. They will see through greenwashing; they won't tolerate "woke-washing".

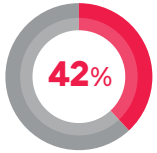
Millennials and Gen Z believe that brands have a responsibility to make positive change in the world.



But Gen Z are less convinced that brands are being honest: 79% believe brands are never honest or not honest enough about their environmental impact.[4]

‘Decolonising’ brands

Will Gen Z purchasing decisions actually reflect this intent? Millennials are already voting with their wallet:



Millennials report beginning or deepening a business relationship on the basis of their perception of a positive impact of the company on society and/or the environment.

Millennials say they stopped or lessened a business relationship due to the company’s ethical behaviour.[5]

As the purchasing power of Gen Z grows, we can expect this trend to grow. Extinction Rebellion’s Will Skeaping talks about the very real prospect of Gen Z “decolonising” brands.

But it’s not just young people, nor is it just a ‘Western’ trend. Sixty percent of consumers said in 2019 that they are likely to switch to a brand that is more environmentally friendly than their current brand. And the number of consumers who have said that they would pay more for sustainable or eco-friendly products has grown from 49% in 2011 to 57% in 2018.[6]

Research by Accenture in 2020 found that Coronavirus was driving a rise in demand for ethical consumption. Based on a survey of more than 3,000 consumers in 15 countries around the world, it highlighted increases in action to limit food waste and sustainable brand selection.[7]

64% of consumers are limiting food waste with 90% likely to continue post-crisis

45% of consumers are making more environmentally friendly, sustainable or ethical purchases with 89% likely to continue post-crisis

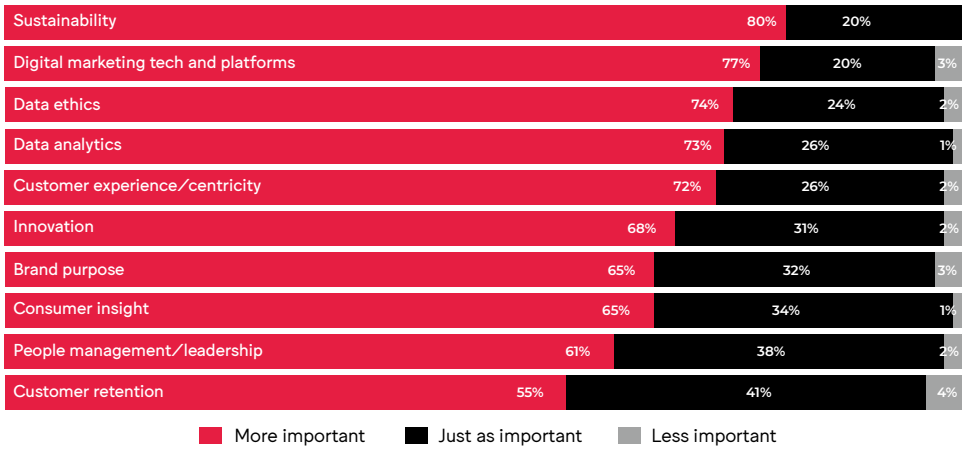
Even if we apply a healthy dose of scepticism to these insights, we are confronted with the simple fact that, by and large, “sustainable” brands are doing better.

- 50% of the growth in the US CPG market from 2013 to 2018 came from sustainability marketed products[8];
- Sales of products with a sustainability claim on pack rose 29%[9];
- Products marketed as sustainable grew 5.6 times faster than those that were not[10];
- Unilever reported that in 2018 its most sustainable brands grew 46% faster than the rest of its portfolio and were responsible for 70% of the company’s turnover growth[11].

All this indicates that brands need to evolve rapidly or risk losing consumer’s favour. COVID-19 may temporarily bring people back to basics, looking for safety and value. But longer term it is likely that the health crisis will strengthen and accelerate sustainability concerns. The probable source of COVID-19 is, after all, human encroachment on natural habitats.

The landmark 2020 WFA Marketer of the Future report, which draws on insights from interviews with almost 700 senior marketers around the world and conducted before the pandemic confirms this. Respondents said overwhelmingly that sustainability will be the biggest issue that CMOs will need to get their heads around in the future.

Will these responsibilities be more, less or just as important to your role in 5 years’ time?



Marketing as a catalyst for positive change

So how can marketers transition from being "the manipulators and architects of that consumerist frenzy" to agents of positive change?

Research agency 2CV contrasts the efforts that many brands have made to respond to the Coronavirus pandemic with their environmental actions. "Brands responded to the threat to human life when it was needed - can they do the same for the threat to our planet?" asks a recent blog post.[12]

There is no easy answer for brands. There will always be inherent tensions between consumption and sustainability. And after all marketing is but a reflection of the economic system that we have created.

But we are not starting from scratch. Most global brand owners have endorsed the UN Sustainable Development Goals (SDGs) and have made ambitious commitments. Sustainability is today a boardroom concern across the WFA membership. Some have gone further and put sustainability at the core of their business strategies. Yet marketers can and will need to do more to prove to the sceptical Gen Z that they really are essential innovators.

Compared to tech brands, CPG brands still rank relatively low on most indices in terms of consumer perceptions on sustainability. Automotive, fast food and fashion tend to rank even lower on most scales.

Sustainability Perception Index (SPI) Results

Top 10		Bottom 10	
1	Discovery Channel	91	Louis Vuitton
2	Google	92	Goldman Sachs
3	PayPal	93	KFC
4	Netflix	94	Prada
5	Spotify	95	Porsche
6	Microsoft	96	MINI
7	VISA	97	Ferrari
8	Mastercard	98	Land Rover
9	IKEA	99	Shell
10	Danone	100	Harley-Davidson

Latana claims to be the world's largest brand sustainability perception index and only includes one consumer goods product in its top ten ranking, Danone.[13]

The most relevant SDG to marketing is SDG 12: Sustainable Production and Consumption. The central challenge of SDG 12 is to reduce worldwide material consumption, which has grown by 254% since 1970, reaching 92.1 billion tonnes in 2017 and projected to grow to 190 billion tonnes by 2060 in a business-as-usual scenario. On a per-capita basis, natural resource consumption has grown from 8.1 tonnes in 1990 to 12 tonnes in 2015. Reversing this trend demands much stronger action on waste reduction and resource efficiency, but likely also an outright reduction in the how much we consume.

Marketing thought-leaders, Contagious Communications[14], have written a report on The Consumption Crisis illustrating these suggestions with many more inspired examples of how brands in different sectors have applied this thinking successfully.

On a positive note, research by The Climate Group[15], a non-profit organisation of sustainability experts working for global companies found that 97% said long-term sustainability efforts have not been affected by Coronavirus and 80% report that they have been able to maintain their programme during the crisis.

Clearly it will be more difficult for some products and brands than others, and the line between authenticity and greenwashing can be a thin one. And much will depend on the extent to which sustainability is embedded into an overall holistic corporate vision and business strategy: without investment in sustainable production, promoting sustainable consumption will sound hollow.

The more creativity marketers invest, the clearer the path will become. And if marketers are meant to be those who are closest to the consumer, surely marketers need to be the foremost catalyst for change? That is, in a nutshell, Extinction Rebellion's challenge, which we may well face again, more forcefully, in 2021 (or whenever Cannes might reconvene).

Creative intelligence and advisory service, Contagious, has proposed four trends that brand marketers can usefully weave into their approaches to drive more sustainable consumption:

1. **Re-use:** Conventional wisdom would say that promoting re-use is anathema to good marketing, where the objective is to grow sales volumes quarter upon quarter. But for durable products and fashion in particular, the market is already pointing in the opposite direction. Retail consultancy Edited forecasts that the second-hand fashion market will outstrip the luxury market by 2022. As consumer consciousness of the impact of throw-away culture grows, so will opportunities to make and market more durable, repairable and re-usable products.

2. **Own less:** Selling products is not always the only way to make money from products. Video on demand has replaced DVDs so rapidly that we barely noticed the transition. In the automotive sector, leasing has become dominant already, and renting is growing rapidly too. As car ownership declines further, the successful marketer will offer an appealing and flexible subscription service instead. The fashion and home furnishing sectors will not be far behind.

3. **Waste less:** Reducing waste is top of mind among consumers, especially when it comes to packaging. Re-usable, re-fillable, fully recyclable and other "circular" solutions are gaining ground rapidly and virtually every CPG brand has made commitments in this area. But the road to a circular economy is still paved with obstacles, and hence, opportunities.

4. **Think more:** A meat producer that advises consumers to go meat-free once a week; or an airline that asks travellers whether they really need to make that journey. Counterintuitive. Yet these are examples of thought-provoking campaigns that tap into demand for authenticity. This is a boundless playground where marketers can put their creativity at the service of promoting responsible consumption.

Brand inspiration

There are a lot good examples of brands acting to promote sustainable living and creating products or tools that encourage consumers to live within our planet's means.

An educational example is Ikea Poland's new home of tomorrow concept store, a retail outlet that shows how people can live in a home that produces zero waste through ideas such as home farms, waste reuse and repair and modify household equipment and furniture to give it a second life.[16]

More recently, the company announced it will repurchase its unwanted old furniture to emphasise sustainability during Black Friday. The scheme known as #BuybackFriday will take place at Ikea stores across 27 countries from 24 November to 3 December 2020. The secondhand goods will then be resold in stores at discounted rates and anything which cannot be resold will be recycled.[17]

susGain in Singapore has launched an app that rewards consumers for following an eco-friendly lifestyle, support sustainable local business while also receiving cash rewards and raise money for the charity of their choice.

The app maps out nearby water refill stations, clothing swaps, recycling bins and more, and players can scan QR codes in each location to win points.[18]

Similarly, The Sims 4 game has launched an "eco lifestyle" pack that seeks to educate consumers about how to tread more lightly.

Now players can partake in a variety of eco-friendly activities, including producing their own electricity and water, and growing their own food at home.[19]

One company taking the zero waste route has been McDonald's in the Netherlands, which is converting the oil used to cook French fries into diesel fuel. Neatly the converted oil is being used to power the trucks that deliver supplies to the fast food chain.[20]

In an effort to urge people to look for quality and durability when they shop, Spanish fashion brand Adolfo Dominguez has launched a sustainability campaign called Ropa Vieja (Old Clothes). The campaign featured old items alongside messages like 'This suit is 40 years old' and the tagline 'Buy clothes that last longer than trends'.

Adolfo Dominguez is not alone in calling for more conscious consumption. We've seen some great examples of this strategy from Patagonia, such as the 'Don't Buy This Jacket' campaign.[21]

In partnership with Mastercard, in 2019 Swedish fin-tech company Doconomy has launched DO, the first credit card that helps users track and measure their CO2 emissions associated with their purchases and helps limit the climate impact of their spending. DO also enables carbon offsetting for the emissions arising from the transactions via UN certified projects.[22]

Launched in 2015 in Denmark, and currently available in seven major European cities, TooGoodToGo is a mobile platform and app that connects customers to restaurants and stores that have unsold, leftover food in an effort to 'rescue food waste', which amounts to 10 million tons per year. With TooGoodToGo, users select their favourite food or store, and then go pick it up at the store for a discount price (often more than 50%).[23]

'100% evil-free' beauty brand Axiology has pioneered a range of zero-waste lipsticks, in which they specialise. Not only do they feature a rundown on packaging for each item they sell but they are also changing perception of what a lipstick is by giving consumers a choice between lipsticks with or without tube (the 'balmies') using clear wayfinding to educate users on how a product and packaging can be one and the same. (60% of consumers say they are less likely to buy a product in harmful packaging).[25]

Earlier in 2020, Scottish multinational brewery and pub chain, BrewDog, announced it became carbon negative and will remove twice as much carbon from the air than the company and its 2,000 employees emit every single year.

As part of its efforts, the company has purchased 2,050 acres of Scottish Highlands to create the BrewDog forest by planting one million trees starting in 2021. The brewer is also making its breweries and British-based bars wind-powered, moving to an electric delivery fleet and will be using biomethane, the natural by-product of beer making – malted barley – as an alternative to fossil fuels.[24]

Actions that marketers can take

The solution for each company will be different. Some may feel their activities are essential for modern life rather than consumption for its own sake, while for some companies addressing consumption and environmental impact may require a complete reengineering or refocusing of their business.

We think there are four things every CMO can do:

1

Marketing is the consumer understanding arm of every company so find out what your target groups think in each market, what behaviours do they expect of you and does this vary across the brand portfolio?

2

Marketing should seek to present its understanding of consumer expectations to company leadership, identifying a step by step guide to the areas of the business that consumers want to be addressed in order. This can be the first stage in the creation of a broader strategic road map for corporate change.

3

Brands with a clear purpose that benefits society will be best placed to navigate this challenge and consumers may afford them additional leeway, if they can see they are making an effort, even if it doesn't go far enough for the more extreme advocates for change. Brands without a purpose should redouble their efforts to identify a positive role they can credibly play.

4

Big organisations will often have a Chief Sustainability Officer or equivalent and marketing should seek to work with leaders on this issue to develop plans to improve impact and resource use and showcase these to consumers. Understanding the timescale and process of these changes is critical to communicating it effectively.

Sustainability must be everyone's job

Of course, while marketing can be the catalyst for change, it cannot drive sustainability on its own.

Unilever, an industry poster child for sustainability, famously set out on a Sustainable Living Plan which sought to decouple growth from environmental impact (double growth and reduce environmental impact by a half), a move that was very much CEO-led.

In a significant structural move, Unilever did away with the role of Chief Sustainability Officer and embedded sustainability targets into all operations. For marketing, it famously led to the development of a purposeful brands strategy, with each brand having its own environmental and social targets. Many companies have taken similar approaches.

There are obvious benefits to making sustainability everyone's job. Firstly, you can devolve the responsibility to those driving change to those in the most relevant positions to do so. Secondly, you integrate 'sustainability thinking and behaviours' across the entire organisation, which can create a culture of 'sustainability innovation' and change.

Finally, as the organisation shows it is addressing sustainability challenges in a systemic and structural way, rather than paying it lip service, it will be possible to attract the best talent- something which CMOs in particular are citing as an increasingly difficult challenge.

Helping marketers be part of the solution

WFA is at the beginning of its journey in terms of exploring how we can help nudge marketers towards more sustainable thinking and behaviours. We're convinced there is a huge opportunity to be part of the solution.

In Q4 2020, WFA is teaming up with Project Everyone (the people behind the UN Sustainable Development Goals) to launch a major piece of global research on marketing and sustainability which we hope will help shine a light for marketers on how to embed sustainability into their future marketing strategies.

If you want to be involved, please contact Will Gilroy at w.gilroy@wfanet.org

References

1. The United Nations SDGs
2. WFA's Diversity & Inclusion Hub
3. Deloitte, *Global Millenial Survey 2020*
4-5. Futerra Honest Product
6. Global Web Index, *Lifting the Lid on Sustainable Packaging*
7. Accenture, *Covid-19 increasing consumer focus on ethical consumption*
8-10. NYU Stern Center for Sustainable Business
11. Unilever, *Unilever's Sustainable Living Plan continues to fuel growth*
12. 2CV, *What does COVID-19 mean for a sustainable future?*
13. *Latana Research*
14. Contagious, *The Consumption Crisis report*
15. The Climate Group
16. IKEA's *Home of Tomorrow* website
17. Contagious, *#BuybackFriday / IKEA*
18. TrendWatching, *Innovation of the day: Susgain*
19. TrendWatching, *Innovation of the day: Sims 4*
20. TrendWatching, *Innovation of the day: McDonald's*
21. Contagious, *Clothes that last longer than trends*
22. Mastercard, *Mastercard and Doconomy launch the future of sustainable payments*
23. Too Good To Go
24. Brewdog
25. The Drum, *Do no harm: 5 ways brands can harness ethical consumerism through design*

World Federation of Advertisers
London, Brussels, Singapore

wfanet.org
info@wfanet.org
+32 2 502 57 40

twitter @wfamarketers
youtube.com/wfamarketers
linkedin.com/company/wfa