

## WHITE PAPER

### Sustainability and Branding: The Imperative of Continuity

#### OVERVIEW

It has been suggested that the rapid and pronounced downturn in the economy will make it difficult for companies to continue aligning their brand with sustainability. A review of recent studies and surveys suggest that, in fact, the opposite may be true: companies that pursue aggressive sustainability strategies may put themselves in a position of unique strategic advantage.

#### PROCESS

Sustainability, and the use of the concept to support brand building endeavors, is a relatively new idea (at least in the United States). That said, the use of causes to support brand building efforts, many of which include the environment, is a fairly common practice. As such, some correlation can be drawn between cause/green marketing efforts and sustainability.

This is not to suggest that sustainability is equivalent to “green marketing.” Sustainability, as an enterprise strategy, is far more encompassing than a marketing initiative. However, it is reasonable to assume that valuable conclusions can be drawn from past learnings in this area.

#### FINDINGS

It is inevitable that in the current economic climate, corporate decision makers (and marketing professionals in particular) will be under pressure to freeze, moderate, or even eliminate sustainability-oriented programs and messages. Based on a review of current trends and research, such action would be akin to selling stocks at the bottom of a market cycle: a short term reaction that eliminates the benefit tied to an inevitable turnaround.

Aligning a company and its brand to sustainability is no longer a niche activity. Rather, it has transformed into an integral part of a business case. Customers, stakeholders, business partners, employees, and others now expect that sustainability is part of a company and its brand. Backtracking on efforts to align with sustainability will ultimately prove more costly than continuing with planned activity.

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## 1. The Green Movement Is Now Mainstream

In the past, people identifying themselves as “concerned for the environment” and then shaping purchasing decisions accordingly were widely viewed as a niche audience. This is no longer the case: individuals and businesses now pay closer attention to purchase impact on the environment in ever increasing numbers.

In December 2007, the Clorox Company produced a study (Clorox, 2008) that explored consumer attitudes toward purchasing green products. Findings showed significant, rapid growth in consumer acceptance / preference for green products:

- Consumers who regularly purchase green products: 36% (up from 12% in 2006)
- Consumers who never purchase green products: 10% (down from 20% in 2006)

These findings were used to support the launch of the Clorox GreenWorks line of household cleaners and the acquisition of Burt’s Bees.

These findings are also supported by a litany of research conducted by Cone/Roper. In one of the PR firms more recent surveys, the 2007 Cone Evolution Survey, 87% of respondents indicated they are likely to switch from one brand to another (price and quality being about equal) if the other brand is associated with a good cause - an increase of more than 31% (from 66%) since 1993. (Cone, 2007)

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## 2. Brands Perceived as “Ethical” Benefit

There are a number of studies suggesting that brands associated with “ethical behavior” and “social responsibility” are able to produce a direct benefit to the bottom line.

A 2006 University of Pennsylvania Wharton School of Business study (Nair, 2007) reviewed the financial data of over 3,000 companies from 1991 to 2003. Companies were separated into two groups: those with active corporate social responsibility (CSR) platforms, and those without. Findings suggest that companies with brands aligned with CSR:

- Are able to convince consumers that the company and its products are *trustworthy*.
- Offset the costs of CSR through differentiation from competitors, particularly in highly competitive industries.
- Benefit from a more positive relationship between CSR and profits, especially for those companies in advertising intensive industries.