The Chartered Institute of Marketing

Sustainable Consumption & Production: The Role of Marketers

Final Report

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Prepared for
DTI Sector Sustainability Challenge

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CONTENTS

EXECUTIVE SUMMARY

This study evaluated the role of marketing in encouraging sustainable production and consumption by mapping the sustainability agenda onto the marketing skills set as defined by the new national standards and by analysing the strategic role of marketing in determining company strategy for competing successfully. A limited number of depth interviews were conducted with leading companies concerning the role of marketing in their organisations and a discussion forum was held to report on findings and encourage feedback.

The study revealed the strategic importance of marketing since most sustainability activities tend to increase either costs or demand for capital and marketing is responsible for increasing revenues to at least balance this. The study recognised that not all sustainability issues are product specific and that the current markets for "sustainable products" are minor market segments, appropriate only for a focussed strategy. The study suggests that it is probably more important to develop the brand to build a degree of confidence that the company is addressing a wide range of sustainability issues. However, it also recognises that any sustainability "benefit" is unlikely to move a brand to a higher price point unless it can be associated with other benefits sufficient to influence consumers. It recommends that marketers "promote" sustainability to being a differentiating factor which would enable companies to compete on this basis.

The study discusses the gap that exists between knowledge and behaviour and suggests research approaches that may be followed to improve marketer's understanding. It also discusses the requirements for culture change which might improve receptivity and cognizance of information but which are largely absent. The study highlights some of the inadequacies of current research methods, while emphasising that research is required to monitor trends which may be taken account of by marketers.

Another constraint identified is a weak relationship between marketers and designers. Designers require more feedback from the market about those benefits that better enable the company to compete while they also require more freedom to identify more sustainable solutions. More collaborative approaches are required.

Some of the issues are a consequence of a certain ambivalence about the role of business and the economic contribution it makes and it is suggested that communication is required with NGOs, single-issue pressure groups and policy-makers to discuss the contribution that business may make to their aims while maintaining the basic functions of business.

Marketers do not have access to adequate tools and resources for developing a strategy based around a more sustainable business. A number of the activities suggested as next steps are enabling technologies or activities which professional bodies should be responsible for coordinating and for which resources need to be obtained. CIM is collaborating with other marketing associations to incorporate sustainability into the next revision of the marketing standards and to initiate a range of other activities.

This study has successfully started a process by which businesses can not only comply with regulations but can actively seek to adopt non-regulatory standards and to compete effectively to maintain financial performance. The process will continue with wide dissemination and debate about the ideas presented and the development of resources to educate and motivate marketers.

1. Context Of The Study

1.1 Introduction

The CIM has been commissioned by DTI Sector Sustainability Challenge and Defra to evaluate the business case for acknowledging sustainability within the marketing profession and marketing-related roles. The work sought to define the potential contribution of marketers and to begin to understand the current relationship between marketers and the sustainability agenda. In particular, it aimed to identify the role of marketers in sustainable consumption and, in doing so, address how marketers can encourage sustainable practice in their organisations and develop markets using a sustainability platform. The project aimed to contribute to the development of professional standards both for those studying the subject and for practising marketers.

The phases of the project divided broadly into the following areas:

- to map a wide range of sustainability issues onto the marketing and sales skills base as defined by the Marketing and Sales Standards Setting Body (MSSSB)

- to interview a number of companies to determine the extent to which sustainability has been incorporated into the strategic marketing objectives of companies;

- to prepare case overviews of companies that have engaged with a range of marketing issues in connection with sustainability;

- to present these findings at a seminar to discuss the potential for developing marketers' contribution to sustainable consumption;

- to advise the MSSSB on areas where sustainability issues can be incorporated into the marketing skills set.

This final report presents the findings of the study, discusses key issues and makes recommendations for next steps.

1.2 Relationship to MSSSB

Throughout this process, the CIM has been working with the Marketing Sales and Standards Setting Board (MSSSB) with the aim of promoting the business case for sustainable marketing within national marketing standards. MSSSB contributed to the definition of the project with a view to incorporating the findings into the next version of the standards as part of their regular review process.

MSSSB provided the current draft of the marketing and sales professional standards (the marketing skills set) onto which the sustainability issues were mapped. MSSSB have directed the team to sources for identifying suitable companies for interviewing. MSSSB contributed to the dissemination event on 9 May 2006 by inviting delegates and presenting their rationale for development of the standards to accommodate the impact that the sustainability agenda has on marketing skills.

As a consequence of the study, The MSSSB Steering Group have invited CIM to report on the study at their next meeting at a date to be set in September. However, at the last meeting of this steering group, held on 15th May, the Chair Sir Paul Judge, asked David Thorp to consult freely with the other professional bodies involved in the marketing arena with a view to ascertaining their willingness to participate as members of the steering group the CIM has established. If positively received the outcome would be a steering group advising all the professional bodies in marketing, which would clearly be a positive outcome. These discussions are ongoing. The current CIM steering group comprises NGOs, think-tanks, government departments, leading academic thinkers, consultancies and quasi-governmental bodies.

2   THE ROLE OF MARKETERS

The marketing skills set as described in the standards formed the basis of an analysis of the areas where sustainability had an impact on marketing activities (Appendix I). In addition, the key strategic marketing roles were reviewed to provide a framework for the impact that sustainability issues may have on the tools and techniques used by marketers.

These analyses were used to draft the interviewing profile for discussions with companies and were found to be more than adequate since few companies have yet addressed the role of marketing in sustainability.

2.1   Working Definition

The term sustainability is used as a short-hand to describe responsibility for the environmental, social and ethical concerns of business while maintaining the basic economic functions of the business.

A working definition of marketing and sustainability has been derived, adapted from the marketing standards provided by the MSSSB:

> *"Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably and responsibly with due regard for the environment and social fabric."*

The working definition has been tested during the interview process and at the seminar in May 2006.

2.2   The Strategic Role of Marketers

For an organisation to be able to claim that it is sustainable, every aspect of the organisation needs to be addressed – the manufacture of products, the delivery of services and the operations of the organisation. Once an organisation commits to being sustainable, on the whole it will be burdened with additional costs, although it must be acknowledged that some activities will be self-financing – that is there will be matching cost savings. To remain competitive, sustainability has to be seen as a benefit which generates a competitive advantage, although much of the activity will be invisible to customers. Total sustainability may never be achieved since values will constantly change and become more demanding and there is an inherent conflict between minimising human impact and any economic activity. At a practical level it must be sufficient that an organisation is inexorably working towards a more sustainable position at a satisfactory pace.

In addition, it must be seen to be doing so; otherwise the only rewards will be self-satisfaction and inferior financial performance. A benefit is only a benefit if it impacts positively on business performance and as costs increase, business performance needs to increase to at least stand still. For this to happen, customers need to both be aware of a company's comparative sustainability position and to attach some value to it.

The strategic role of marketers is that they need to satisfy customers that any sustainability claims both can be substantiated and are worthwhile and includes:

- Ensuring that the organisation is acting as sustainably as possible – developing a culture and a change programme to implement it
- Evaluate the market dynamics that influence competitiveness – exogenous factors, customer needs attitudes and behaviours, marketing effectiveness
- Sustainable product design and production, packaging and labelling
- Provide strategic direction to increase the value of the brand as a non-financial asset
- Financial implications – optimal pricing and return on Investment
- Distribution – physical distribution and distribution channels including alternative business models

- Communications and promotions

- Manage the marketing function: Walk-the-Talk, Personal development

2.3   Mapping and Assessment Framework

Using the MSSSB professional standards and skills sets the marketing activities were analysed in the context of specific areas of relevance to sustainability. The main components of the marketing and sales professional standards are outlined below.

MSSSB MARKETING & SALES PROFESSIONAL STANDARDS HEADLINE COMPONENTS	
Provide marketing intelligence and customer insight	Assess the marketing environment
	Research markets and assess customer need
	Assess the outcomes of research onto customers/markets
Provide strategic marketing direction for the organisation	Develop a marketing focus for the organisation
Develop the customer proposition	Develop product/service strategies to acquire/retain customers
	Develop products/services and brands
	Establish and maintain pricing policy
	Plan, implement and evaluate marketing distribution strategy
Manage and provide marketing communications	Develop marketing communications strategy
	Advertise products/services
	Target individuals by direct and digital marketing
	Manage and provide public relations services
	Manage and provide sales promotion services
	Manage and provide field marketing
	Manage and provide motivation services
Use and develop marketing and customer information	Develop customer information strategy
	Evaluate marketing effectiveness
	Manage information and knowledge

MSSSB MARKETING & SALES PROFESSIONAL STANDARDS HEADLINE COMPONENTS	
Lead marketing operations and programmes	Gain commitment and provide marketing leadership
	Establish products/services in international and/or diverse markets
	Manage financial resources
Work with other business functions and third parties	Promote the supportive integration of marketing and sales activity
	Procure marketing services
	Manage and work with client accounts
	Build business relationships, networks and partnerships
	Other corporate departments
Manage and develop teams and individuals	Manage marketing people
	Manage yourself

The framework analysis is included at Appendix I.

Generally, the structure of the standards included all the key marketing activities that are impacted by sustainability, but with a few gaps, notably in connection with packaging and labelling and in the use of the web for self-help information and communications.

Most of the impacts are at the strategic level; that is, they are concerned with those issues that determine how the company is to operate and compete and the information needed to support decisions in those areas, which then determine the practicalities of product presentation, communication and sales support. At the more detailed level, many of the activities are functional to which the response is to "walk the talk" – that is, marketers should be acting sustainably in the way they approach their working life and setting an example to the rest of their organisation.

2.4   Corporate Strategy

Companies determine the type of business they want to operate by optimising the capital productivity of the organisation – profitability is only used as a shorter term management tool to achieve the financial objectives. Capital in this sense includes shareholder funds (equity + retained earnings, which may be leveraged by borrowing) and non-financial assets (brand position, intellectual property and workforce knowledge, skills and experience).

The economic value of a business is the net present value (NPV) of future cash flows, discounted at a risk-adjusted cost of capital. The market value of a business is the market capitalisation (the value of the shares in the market), or equivalent if not quoted. Economic value and market value should align over the long term. In the short term, since different investors have different views of what the prospects are for a business, they may deviate and arbitrage opportunities may emerge as market value changes as a result of investor activity.

Shareholder value may considered to be either of these but tends to equate to market value. Thus, when companies are encouraged to act sustainably so that their shareholder value will rise, it is being suggested that the economic value of the business is perhaps greater than it would be otherwise so the market value should rise. Similarly, if customers are encouraged to boycott a business, market value may be depressed due to expectations of a reduced economic performance.

If share prices move disproportionally to the economic value, that is they become more volatile, this increases the cost of capital since there is an increase in the risk that they will be worth less in the future either because they have become over-inflated in price (a bubble effect) or become depressed below true economic value.

There has been inadequate research into this, since sustainability indexes in the stock markets (such as the Dow Jones STOXX Index and FTSE4Good) have not out-performed the market, unless highly selective time periods are taken. The main conclusion is that such companies have lower volatility in their market value because they are basically well-managed companies anyway – there are no clear correlations.

Shareholder Value
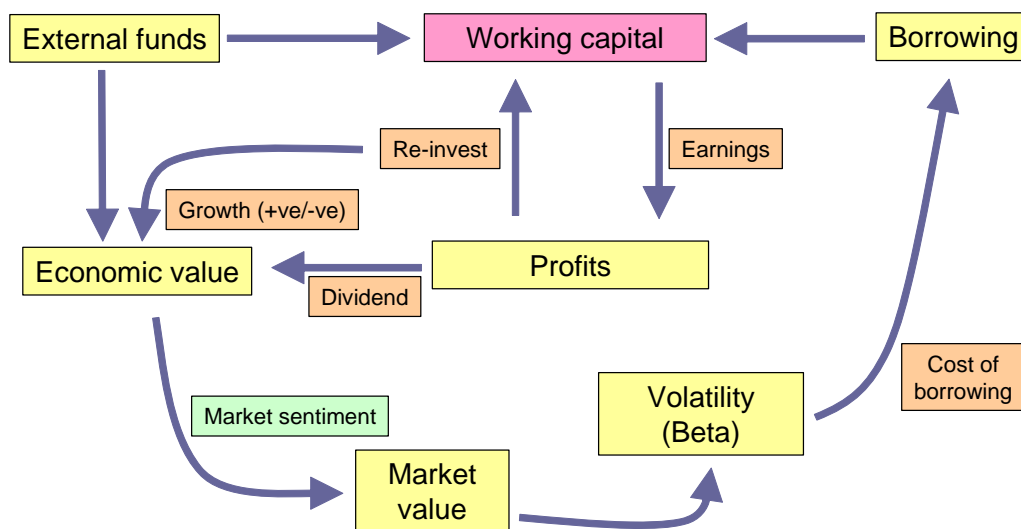
The real objective is to increase the economic value, which can only be achieved by:

- Reducing the amount of capital in the business

- Reducing costs

- Increasing revenues

The pressures on companies to act sustainably are tending to reduce the economic value through:

- Increasing the amount of **capital** required, such as through investing in energy-efficient plant and equipment by bringing forward plant replacement. This expenditure has a large impact on reducing NPV since the money is spent up front whereas any benefits are delayed

- Increasing **costs** through re-design of products and processes. Much is made of the potential to reduce costs through:

  - Materials reduction: however, production engineers should already have worked to achieve this – there is a trade-off between materials and product life (e.g. children's toys which frequently have inadequate fastenings which lead to product waste rather than materials waste)

  - Packaging reduction: similarly, designers will mostly have worked to the point where there are diminishing returns and inadequate packaging leads to more product waste.

  - Materials substitution and use of recyclates: some potential may exist although at present volumes of such materials are low and economic production costs cannot yet be achieved

  The solution has been to artificially increase the cost of waste disposal so that marginal activities become more viable and to move the costs of disposal from the consumer to the producer. In either case the consumer pays but on a different time scale – that is, once prices have been aligned with the increased costs, they pay "up-front" for costs that will be incurred later in the product life. Such approaches may be politically convenient but may be better aligned with the economic activity they relate to where choices about disposal can be made by the customer. Of course there will be these and other opportunities in certain organisations, but probably not to the extent being suggested.

- Even the management time devoted to change adds **cost** to the organisation.

This leaves the third option and any potential to increase **revenues** can only be achieved by either increasing demand or by increasing the price – both of these options are firmly within the marketing domain. Demand increase is a sensitive issue due to criticisms of excessive consumption, although the issue for any marketer is that any reduction in consumption should be borne by competitors. A price increase requires that the consumer both acknowledges that there is a benefit in acting sustainably and values that benefit, for which there is little evidence at present and is perhaps the greatest challenge for marketers.

2.5   The Brand – Creating Demand

Companies compete in one of three ways:

- Low cost – operating with absolute efficiency with limited add-on features

- Differentiation – being different from competitors

- Focus – targeting specific market segments only

So far, successes with sustainable products have been obtained through a focus strategy and although some such segments are growing few have yet reached a significant share of their markets.

Any of the competitive strategies could be operated at any price point. Different price points arise because not all consumers value particular product characteristics to the same extent, so products emerge with different combinations of benefits with appeal to different market segments. Product benefits tend to fall into three groups, in order of importance:

- Essential – that is, certain characteristics have to apply before a business can begin to compete, e.g. banks have to be able to do banking

- Differentiating – that is, characteristics that are a benefit to the requirements of different customer segments

- Focussed – that is, characteristics that only apply to certain segments

Importance of Brand Attributes
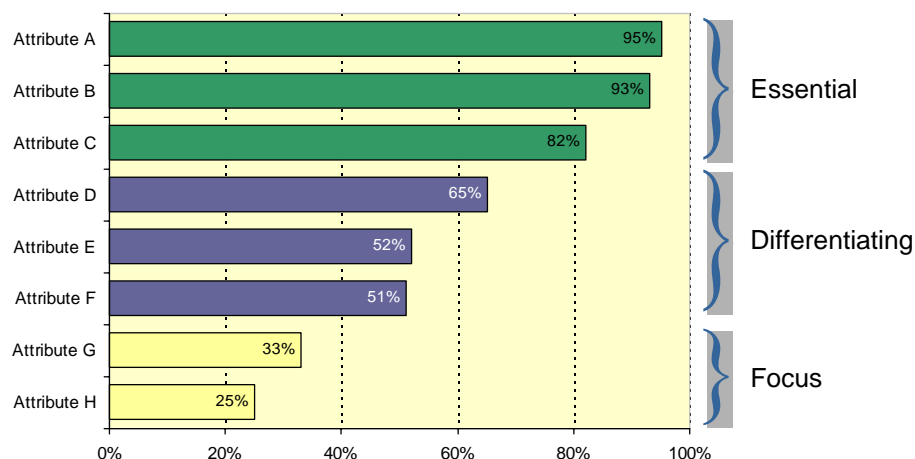
There are clear parallels with the way companies compete and sustainability is still a focused attribute. It is a challenge to marketers to promote sustainability to being a differentiating factor – and perhaps ultimately to an essential factor so that there is no "un-sustainability" remaining.

In terms of developing a marketing strategy an organisation is seeking those attributes that will appeal to their target segments. This is researched by comparing the extent to which customers feel particular attributes are important with their perceptions of performance by the company and its competitors. Research so far suggests that sustainability has a low level of importance and is not an effective basis for creating demand.

2.6   The Brand - Pricing

It is logical to expect that people will pay more for products that have a greater number of benefits. What tends to happen is that there is not a continuous relationship between benefits and value (as in the red line), but there are step changes, based upon complementary combinations of benefits (as in the blue line). As each customer may have a different combination of benefits which they would value, different clusters emerge (as indicated by the green circle) because they have a different order of importance.

Pricing

Most important (left) to least important (right)
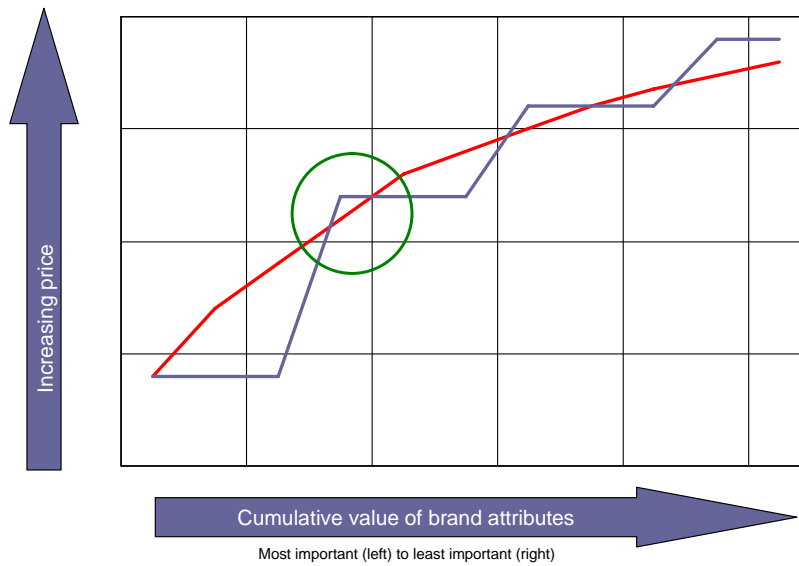
This means that it is not enough for customers to both recognise sustainability as a benefit and to value it, it has to be combined with whatever other benefits they value. There is a real need to research these relationships further.

Research has indicated that people would be prepared to pay more for products with sustainability credentials – this is patently not the case and is a reflection of the inadequacy of much research, discussed in s.2.8.

2.7   Decision Behaviour

Most models of consumer behaviour assume a rational model along the lines of increasing knowledge and understanding leading to a logical decision.

Customer Decision Continuum
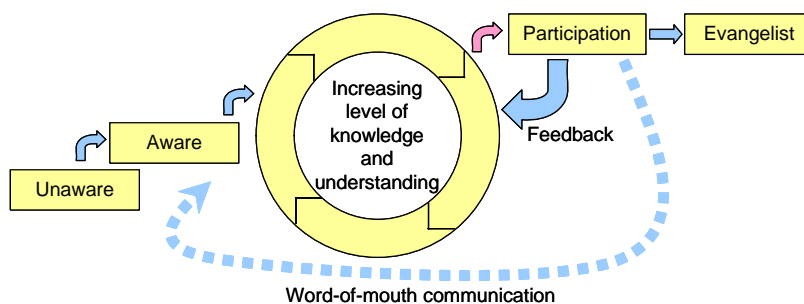
It is necessary to distinguish between knowledge and understanding, where the latter implies some comprehension of the significance of the knowledge. Also, there are separate channels for information and beliefs where beliefs provide the mechanisms for evaluating and accepting knowledge and developing an understanding.

Knowledge does not determine behaviour – there are many examples where people either persist in actions in spite of having all the knowledge they need, such as smoking, or where they fail to take appropriate actions when they quite clearly know that they should. This difference between knowledge and behaviour is an issue which affects all marketing to some extent where people make apparently irrational purchasing decisions, their behaviour being unduly influenced by factors that for some reason have become extremely important for them, such as the periodic success of certain clothing labels.   Sustainability tests this phenomenon to a considerable extent since its importance does not rank high enough to exert sufficient influence on purchasing decisions for most people, in spite of acknowledging its importance when asked.

It has been suggested that knowledge is not required for some behaviour change, and there may be some instances where that may apply, such as in recycling, where the provision of facilities by a local authority leads people to accept it as the recognised system and imitate the actions of their neighbours without changing any other relevant behaviour. To the extent that people generally do not seek out exactly what they want, but choose from what is available, this may apply were retailers to stock sustainable products – however, retailers claim that can only fulfil market demand. This is another area worthy of further investigation

Nevertheless, at the time of purchase or any brand experience, very little information is available about the sustainability credentials of the product, brand or organisation, so it cannot influence the purchasing decision. In any case, the number of evaluation criteria that might be needed to judge even a fraction of the issues would be considerable – and, the customer should not need to know information such as whether a solvent-free process was used. People by-pass detailed evaluations based on previous experience and understanding and it is this which reflects the value of a brand – acceptance of the brand acts as a proxy for the decision process and in effect reduces selling costs because it is no longer necessary to communicate information on all the attributes that are important to the customer.

Perhaps more importantly, a culture change is required that encourages purchasers to consider sustainability an evaluation criteria in the first place. Culture change arises from four key influences:

- 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

- people need positive re-enforcement in tune with their behaviour – they need some feedback that what they are doing is worthwhile and is working

- 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 need evidence and role models – they need to see that people or organisations they respect take actions that are consistent with the objectives

Applying anything less than all 4 of these principles would be ineffective in engendering culture change. This has obvious implications for marketers since there would be little point in any communication if people didn't feel they needed the information or that it had any impact on their beliefs.

As a result, market pull is almost entirely absent.

There is a clear need for research to investigate how this gap between knowledge and behaviour may be accounted for – see s.2.8.

2.8   Research Evidence

A review of research evidence in sustainability has been undertaken by one of the project members on behalf of UNEP DTIE. The details are not repeated here, but concluded that:

- 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, activity dependent upon third party involvement and activity motivated by other concerns, rather than underlying attitudes which affect 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

- 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 to opt-out from giving it serious consideration. People are fed up with the unfulfilled "fear" message. One thing that has been learnt from risk management and risk communications is that trust declines where the information given is one-sided and the arguments are not balanced – this may account for increasing levels of distrust of governments which tend to respond defensively. In contrast, NGOs also tend to deliver one-sided arguments but appear to achieve higher levels of trust – but they may also claim a sort of moral high ground.

- although information is widely available if not very accessible, the necessary ingredients for cultural change are largely absent: level of belief is low, there is no effective feedback on achievement, there is contradictory advice on appropriate actions and lack of role models – all of which make it hard for people to make the emotional connection required for behavioural change

- the agenda for sustainability is so vast that there is a real issue over terminology suitable for encompassing it. Much as they are required, short-hand communications, such as green labelling are confusing rather than helping and may be applied indiscriminately.

- product benefits from 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 (although this 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

- People will almost always say that they would be prepared to pay a premium for sustainability, but rarely actually do so, reflecting inadequate research technique

If some of these conclusions appear unpalatable, they may at least partly explain why sustainability has not had the impact on consumption that is probably crucial.

It is a fundamental principle of marketing that products and services should meet a market need – the argument being that when the market is ready for sustainable products, they will be made available. This is a chicken and egg situation – top level concerns are there, but the other components of behavioural change are not – such as being able to act to choose products from sustainable brands.

There is a serious need to establish research protocols that can circumvent some of these issues. A promising line of enquiry may be to consider some of the techniques used in the perception of risk where there is significant amplification and attenuation of people's perception of risk by media coverage and other communications.

2.9   Marketers & the Design Community

In order to build sustainability credentials for products and services, marketers need to be able to identify product/brand attributes that are valued and persuasive within the framework described and incorporate them into product designs. There is a growing requirement for marketers and designers to collaborate and to determine both what is possible and what is desirable. There is a sustainable design community, which is largely academically driven, and which may provide a forum for development amongst the practising design community.

2.10   Marketers & the Communications Sector

Advertising and communications are the public face of marketing, but are, or should be, a consequence of a wide range of marketing activity. The advertising community has undertaken some independent initiatives, mainly in connection with information campaigns to the public or businesses rather than product/brand development.

Clearly, what is communicable and persuasive is very dependent upon the issues discussed in the sections on benefits and how they are valued.

In some cases, advertising, PR and below-the-line agencies will assume responsibility for a communications strategy and will be acting as proxy marketers for their clients.

Perhaps one major creative issue is the way brands are presented in terms of lifestyle images which are intended to convey a group of associated benefits which are representative of the price points for the target audience, e.g. luxury or hedonistic environments. To the extent that these are now common, they may no longer be effective in differentiating products. The sustainability agenda may offer an alternative form of representation.

3. RESEARCH & CONSULTATION

In addition to the analysis described in section 2, a number of discussions were held with companies and other organisations to identify any further issues that may have been overlooked, to discuss the findings and to supplement the analysis.

3.1 Research Methodology

The approach taken was to:

- Identify companies with some evidence for acting sustainably, based on the experience and network of contacts of members of the CIM Steering group and other relevant networks. Over 50 prospect companies were identified representing a range of types of industry. A set of selection criteria were established to identify companies that may be expected to be able to contribute (Appendix II) and the list narrowed to 24 target companies. In some cases companies were selected because they are in the process of developing sustainability within their marketing functions, others were selected on the basis that have tried and failed so the aim was to gain some understanding of barriers and misperceptions.

- Contact was made with these companies to determine their willingness to participate in the process on a confidential basis and arrange telephone interviews. Contact was attempted with senior marketers with strategic responsibility, although in some cases CSR directors or managers were also interviewed.

- a project website was established to provide a point of reference and information on the project: http://www.mpgintl.com/CIM. In addition, the website was used to enable feedback, either in general or to discuss specific issues that emerged during the consultation process.

- A discussion profile was developed to describe the areas of investigation which was made available on the web site to prospective interviewees. The focus was to establish the range and type of marketing activities that have been implemented in support of a sustainability strategy, the extent to which this has transformed the business culture and barriers to progressing sustainability, and obtain any feedback on its effectiveness. Information on lack of effectiveness and failed initiatives would be just as valuable as success stories. Although emphasis is placed on the environmental context, this does include the social and ethical context.

- 9 companies were interviewed in detail, with partial discussions with a further 3.

- The original intention was to select a sub-sample of the companies with the purpose of visiting the company and developing a case history. In the event, none of the companies could produce any quantifiable benefit from their activities, so the interviews have been written up as a profile of their approach. Several companies were re-interviewed in greater depth, either face-to-face or at length over the telephone. These companies had engaged with a range of marketing issues in connection with sustainability with a view to profiling their drivers, strategy and objectives and, if possible, their effectiveness.

It must be emphasised that these discussions do not provide any quantitative measure of marketing and sustainability; they provide anecdotal evidence of the issues in practice. There is a requirement to undertake a more quantitative study, based on this analysis, to benchmark the current involvement of marketers in order that the effectiveness of subsequent dissemination and professional development activities can be measured.

3.2   Professional Bodies

There are three other main professional bodies that have their own standards and codes of practice in the marketing field - the Market Research Society, the Chartered Institute of Public Relations and the Institute of Direct Marketing. These, like the CIM, are all represented on the Steering Group advising the Marketing and Sales Standard Setting Body under the chairmanship of Sir Paul Judge.

Other members of this steering group (though with less of a direct marketing focus) include the Institute of Sales Promotion, the Institute of Sales and Marketing Management, The CAM Foundation.

Individual discussions were held with some of these professional bodies in the marketing sphere to discuss the project and to seek support for the development of both the MSSSB standards and any standards of each of the professional bodies. Productive dialogues took place, the consensus being that the proper channel for integration, where appropriate, was via the Steering Group set up to advise the MSSSB; it was felt that this was the most suitable integrative mechanism for the time being in place.

The active involvement of the professional bodies is of the utmost importance. The prevailing attitude amongst the professional bodies is that, whilst welcoming the new National Marketing Standards, these are standards for a competent marketer; the professional bodies, on the other hand, are there to cater for the professional marketer.

3.3   Product and Service Designers

As described in s.2.9, there is a need to develop relations between marketers and the design community. One of the team members has spoken on this subject to designers at a number of conferences. In addition, the opportunity was taken to engage with product and service designers at a workshop held at the Design Council in May 2006, *Design / Behaviour* and *Design for Durability.* As a result, a working relationship is being established with a view to developing this forum to further dissemination opportunities.

3.4   Dissemination Event & Consultation

Near the end of the consultation, a dissemination event was held on Tuesday 9 May 2006 at the DTI Conference Centre to present the draft conclusions and allow further discussion.

Agenda - The Role of Marketers

Time	Topic	Speaker
13:00	Registration and buffet refreshment	
13:30	Introduction	David Thorp CIM
	The National Marketing & Sales Professional Standards	Chahid Fourali MSSSB
14:00	Analysis: Marketing Skills for Sustainability	David Elliott MPG International
14:30	Research: Issues and Needs for Marketers	Paul White The Social Marketing Practice
14:50	Business Experience Marks and Spencer	Susan Aubrey-Cound M&S
15:00	Coffee break	
15:20	Open Debate of Key Topics *Trust in the brand* *Product & Service Design* *Measuring Propensity to Act Sustainably* *How can consumers learn?* *Strategic role of marketing* *How can marketers learn?* *Issues from the floor*	David Elliott, MPG International Paul White The Social Marketing Practice
16.20	Summary Action Steps: What we need to do next?	David Thorp CIM
16:45	Close	

35 delegates responded on an invitation only basis, with 25 attending on the day.

4. ANALYSIS OF RESEARCH & CONSULTATIONS

The interviewing profiles are presented, confidentially, in a separate Appendix volume. This section summarises the main conclusions.

4.1 Company Size and Sector

The marketing opportunity offered by sustainability is viewed cautiously by larger companies.

This is viewed as an area of potential risk to brand reputation if the company does not have its house fully in order, due to fear of potential exposure by NGOs. It begs the more fundamental question "At what stage can sustainability justifiably be claimed?"

The benefits from sustainability have not been quantified due to limited customer research (see later), and marketing focuses on the core factors of price, availability and service support to secure market share.

This was particularly evident with two consumer electrical product companies, both of which offer sustainability qualities in their products and which could provide differentiation, but deliberately chose not to do so; on the other hand, Philips have made sustainability a part of their product branding through their Green Flagship range.

Smaller companies can more readily adopt a sustainability opportunity where market advantage is identified.

This is largely because of several factors

- They are more able to follow a focus strategy since they have far smaller market penetration

- They are more agile and able to adopt change with lower resistance from existing non-sustainable practices and products in their segments

- They are more receptive to the competitive pricing of sustainable products

- They are led by the values of their directors. If these values include sustainability, there is a high likelihood that business behaviour will reflect this.

- They are less exposed to the threat of unfair exposure by NGOs

There have been some high-profile cases of companies which had a focussed strategy on market entry and grew to a size in their market segment that had a significant share of the market as a whole and began to impact the brand leaders. Mainstream competitors have been buying such companies to be able to access this market segment (e.g. Ben & Jerrys bought by Unilever, Green & Blacks bought by Nestlé, Body Shop bought by L'Oréal). Whether the values can be scaled to the whole market remains to be seen.

Consumer retail and direct marketing service sectors are taking the lead in terms of embodying sustainability as part of the business brand.

These companies are probably closer to the pulse of consumer attitude trends, providing the greatest evidence of carrying out sustainability market research. Companies interviewed in retailing, banking, communications and media are all exhibiting activity in this area.

Since most consumer decisions are taken at the retail interface, retailers could have a major role in influencing customer choice. Some are capitalising on selling products that have sustainability credentials (such as some of the new fashion brands) to satisfy demand from discriminating customers. M&S have taken the lead with their "Look Behind the Label" campaign (an expression which has been lifted from Klaus Topfner, UNEP and which has been widely quoted) and have been careful not to make sustainability claims

but to indicate their range of behind-the-scenes activities. Waitrose carries over the ethos of the John Lewis Group. Others, such as Tesco, have made claims on specific products without generally adopting sustainability principles and have been caught out – consumers are suspicious of "greenwash", although they rate highly in investment appraisals of their sustainability.

It still remains, that any consumer, entering almost any shop would find it hard to discriminate between sustainable and non-sustainable products on offer.

4.2   Drivers for Sustainability Marketing

There are two main drivers for companies to adopt and communicate sustainability as part of their product/service offering – the risk and opportunity to their markets presented by policy, and the changing attitudes and purchasing behaviours of their markets.

There is limited evidence of market research on consumer's sustainable attitudes and behaviours being used to inform company strategy.

Only the retail and service sectors exhibited much evidence of market research into trends in consumer attitudes and behaviours, and these are the ones who are responding to the findings. Two companies cited that a trend was emerging from consumers seeking 'responsible' services and suppliers.

We have not been able to view this research for confidentiality reasons and suspicions remain that as with most research to date, the reference frames and measures used are over-inflating response. As has been discussed in Chapter 2, the research sector has been slow to develop meaningful techniques for measuring underlying attitudes.

There is little evidence of companies adopting sustainable marketing approaches in response to legislative or policy drivers eg WEEE, EuP, or green procurement.

This probably reflects the need for companies to comply and from a competitive point of view non-compliance with its inherent cost advantage is not an option – although there are some issues over international competition from less-regulated sources. There were no instances in our interviews of marketers adopting sustainability positioning because of these drivers, with perhaps the exception of the construction sector.

The construction sector is largely driven by private and government customers who expect sustainability as part of the offering. This requirement is a consequence of

- Many construction contracts being long-term PFI in nature for which it makes economic sense to build in sustainability into the provision of building services – the investment will pay off within the term of the contract and the contractor will obtain the benefit.

- Government and public sector contracts are gradually responding to sustainable procurement policy.

4.3   The Evolution of Sustainability into Marketing

There is little evidence of a structured, strategic approach to marketing which acknowledges sustainability.

The experiences of companies who have developed sustainability into their brands and corporate culture suggest that in the majority of cases, this is an evolutionary process, rather than a formally planned aim from the outset.   Most companies, if they have become more sustainable, may have done so as a result of regulatory compliance. However, regulation has limited applicability, it is not possible to regulate most economic activity, and a culture needs to develop to enable spill-over into other activities. These activities

are largely undertaken by technical specialists in an organisation who have very little interface with marketers. The CSR community has encouraged companies to report on their activities.

Generally, where marketing has engaged with sustainability, it is due to the company a having reached a critical mass of activity sufficient to want to explain their approach. Sustainability can probably never be claimed, but a company can claim that they are inexorably making progress – like a journey, an evolutionary process based on circumstance and opportunity. For example; from an initial ethical starting point, M&S developed towards sustainability gradually and with caution - the free range eggs issue led on to other fields of consumer interest such as Fair Trade, sustainable fisheries etc. The *Look Behind The Label* campaign was more of an evolutionary step than a strategic development. The process was partly driven by some level of consumer insight and partly by the enthusiasm of champions within M&S.

For the small Devon printers, Colourworks, it was the location of the company and the green outlook of the local population coupled with an advisory visit by environmental consultants which provided motivation for the first steps – a baseline analysis of the economic benefits of sustainable business practice.

It is usually the chief executive, managing director, chairman or founder that provides the drive to focus strategic development in this area.

This is true of both large companies and SME's. For Marks and Spencer, the arrival of the new Chief Executive, Stuart Rose, 2 years ago has inspired a more focused drive, culminating in *Look Behind The Label*, and the changes to commercial practices to reflect this positioning. In the case of the printers, Colourworks, it was the values of the Directors which inspired their development towards sustainability practices.

This is largely due to the leadership role whereby such people develop the culture of an organisation and can manage change. There are many examples of individuals with appropriate attitudes to sustainability, but who might be unable to influence corporate strategy until senior management "allows" it to happen. It may not be a pre-requisite that senior management take the initial lead, but they do need to provide the support needed for culture change.

4.4   The Role of Marketers

Marketing does not lie at the strategic centre of sustainable development within companies.

In most of the companies interviewed, the marketing team have not played a major role in driving forward the development of sustainable products and services, or the related business culture change. This has usually been driven by corporate directors or a coterie of the board. The strategy is more often led by the CSR director and implemented by the CSR department which typically is based within corporate communications.

To the extent that CSR reporting is not required by investors (they use more technical means of evaluation, such as the SAM Inst., Geneva for the Dow Jones STOXX Index) perhaps there needs to be a re-consideration of their role – it is customers who need the information.

Marketing leads campaigns and communications but not the business strategy.

Marketing tends to play its participatory role when the decision is made to **communicate** its sustainability position to its markets and stakeholders. This is an extremely important decision in itself, as it places the company and its brand in an exposed position. The style and language of communicating sustainability is important in containing risk.

This is part of a wider issue that in many organisations, the marketing function has been reduced to the marketing services functions and not the strategic core which is the marketer's role. In many organisations, the marketing role has been reduced to save costs in the same way that corporate planning died in the

1980s. However, it doesn't remove the need for strategic thought and direction – there is just little resource with the relevant skills to undertake it within the remaining management. An additional factor is the outsourcing of communications strategy to ad agencies who are self-interested in the way marketing is undertaken. This may be by default rather than deliberate but reduces the influence of marketing within the organisation.

There is a 'perception limit' to the role of marketers in companies.

This is not only in the context of sustainability, but more broadly, in terms of its lack of influence in steering company strategy from a customer insight perspective. Marketing currently tends to set its limits at the boundaries of market research and outward to sales and communications. We found little evidence of marketing operating beyond this limit in the companies we interviewed. Marketing rarely engages with internal business culture, supply chain or staff. In particular, there is little connectivity between product and service design and strategic marketing (see later).

There is a gap in external agency skills to support marketers in sustainability.

Sustainability is largely an un-chartered area for marketers. Expertise and understanding of the issues surrounding 'sustainability' or 'green' is low. This is also reflected in the external consultancies and in PR and advertising agencies where long-discredited conventional wisdom may persist. There are few instances of consultancies or agencies which are capable of supporting marketers in the development of marketing on a sustainability platform. Although this does not remove the responsibility of marketers to gain such expertise, there is a clear need for these skills and the development of tools and processes to support them

4.5   Company Relationships and Sustainability Practice

In larger companies, there is a need to build relationships and provide the 'glue' between functional areas of the business on the theme of sustainability objectives.

This function is more often managed by the CSR director/manager, and rarely by the marketing department. The Boots Company provides a good example of this approach. There are 21 process owners in Boots, each of which has a Director owner on the Board. CSR is at the centre of this "process wheel", providing a binding force and encouragement for sustainability within each spoke which represents a process. The CSR manager provides the translation of benefits between process owners for any sustainability initiative, such as between the energy manager and finance manager. Boots are probably ahead of many other companies with CSR departments in this regard.

The relationship between CSR and Marketing is varied and inconsistent – there is no best practice. The variety of relationship models and the level of communication between these two functions need further study.

There is poor cohesion between designers/technologists and marketers in relation to consumer insight.

The practical relationship between product designers and marketers was explored at two sustainable product design events in April. The workshop audiences principally consisted of academics with few company and agency designers. Their perspective of the relationship with marketing on sustainability was that the links were poor and could be significantly improved through:

- closer involvement of designers in the development of market research commissioned by marketers and better feedback – to help inform designers of valuable consumer insight

- less prescriptive design briefs to enable designer creativity, knowledge and thinking to contribute to the development of the scope of the brief

- a greater level of communication generally between marketers and designers

The view was that such developments could significantly enhance sustainable product and service design in companies. A more collaborative approach is required.

4.6   Market Research in Sustainability

There is little evidence of market research into consumer sustainable attitude and behaviour trends amongst businesses interviewed.

Customer-focused businesses need to understand consumer trends and attitudes to inform business strategy. Whereas businesses invest in research for traditional areas such as style, pricing and service, there is less emphasis on understanding underlying trends such as sustainability and the drivers that will change market dynamics. Where it exists, it appears to be unstructured and not following long term trends. Based on the evaluation of past research, it is clear that much of it would not reveal a trend sufficiently strong to drive a change in strategy – it is more a latent opportunity that awaits an anticipatory initiative.

However, there were a few examples of businesses undertaking some research. This shows some evidence of trends emerging towards sustainable attitudes and resulting purchasing behaviours and, that consumers are expecting more from their suppliers in terms of responsible product and service delivery. However, as discussed elsewhere much research is inadequate for the purpose – a distinction needs to be made between running surveys and researching for information to support decision-making.

This is an area where a significant role can be met by marketers in gaining insight into these trends and driving business strategy accordingly. Market research can provide the lever for marketers to influence company strategy.

There is also potential for public research in this area, involving a carefully designed programme of research to identify trends in attitudes and lifestyle behaviours and their relationship to purchasing behaviour and company loyalty. Such research could be a strong motivator for businesses to review their business strategy with regard to sustainability.

4.7   Relationship to the Supply Chain

Credibility and confidence in a sustainability brand depends strongly on the relationship and support of a company's supply chain in delivering appropriate products and services.

Strong supply chain partnerships are key

The role of procurement is central to achieving high quality and supportive relationships. This is particularly important in retail and service businesses where the products on which the service is based are largely drawn from their supply base. There is good evidence of supply chain relationship management in businesses with sustainability brands. Long term partnerships with suppliers are important to demonstrate that these companies are looking after their suppliers, and providing the mutual benefit of a coherent vision.

However, the in construction sector, the biggest challenge is supply chain co-operation. Suppliers need dragging along to conform. Sub-contractors generally compete on price only in this sector.

There is a general sense of procurers finding difficulty in sourcing responsibly, unless they develop close relationships with particular suppliers that they can trust. ISO 14001 is no longer sufficient to provide the sustainability guarantees which procurers are seeking, and detailed auditing of suppliers is becoming more common – the retailers are adopting common standards for this to avoid suppliers needing to be certificated separately by every customer. There is a need for a better system of transparent and auditable standards in this area.

Marketers have peripheral involvement in supply chain strategy. This area tends to be owned by CSR professionals in companies, working closely with their buyers. A supply chain is equivalent to upstream

outsourcing and needs to adopt the same cultural profile as the company - without it, sustainability cannot be claimed

4.8   Relationship to Internal Staff

In order that an organisation can build its sustainability credentials, an all-pervading culture needs to be developed for staff to recognise opportunities and deal with them.

Through these interviews, it has become apparent that companies find added value in stronger relationships with their staff, from taking a sustainability position and communicating this publicly. This benefit is apparent in both larger companies and small companies, and the companies we interviewed found this a surprising outcome.   'Sustainability' and 'responsibility' develop greater loyalty and pride in the company by staff. For retail and service sectors where staff directly interact with the public this provides a valuable 'sales' asset through 'walking the talk' at the customer interface. Benefits that were identified include better staff relations, attracting and retaining staff, and staff becoming ambassadors of the business.

There is no strong evidence that marketers build on this benefit of staff relations in projecting company sustainability. Once again, where this is identified and capitalised on, it is usually the CSR professional who develops it.

One of the more justifiable claims for CSR reporting is for employee communications and such communications can be a valuable tool for change management, the process by which culture in an organisation can be developed, and which is a pre-requisite for claiming sustainability.

5.   CONCLUSIONS

5.1   Overall Conclusions

If sustainability is to be a worthwhile economic activity and impact business fundamentals:

- Revenues have to increase – by some means or another, everything is eventually paid for by a customer

- Marketers need to reclaim their fundamental strategic role in their organizations and in their agency relations

- There is a need to demonstrate that the brand/organisation is doing its bit towards sustainability. Sustainability cannot be claimed unless well-founded and marketers need to be sure that the culture of the organisation reflects this

- Marketers should set an objective to raise sustainability from a focus attribute to become a differentiating factor which is valued by the customer

- Better research techniques are required to obtain more valid information to aid decision support, especially about the gap between knowledge and behaviour, any associated brand attributes that could create a new price point, the drivers of change that cause people to re-evaluate which products they buy and therefore which market segment they are part of.

- A better understanding is required of motivating factors to improve the language of communications

- Cultural change is required in organisations for constant incremental improvements, including the supply chain and distribution channels in order to be able to claim sustainability

- There is a need to drive product development/design to be able to uphold a market position through greater collaboration between marketers and designers

- Marketers need tools and professional support to access resources and draw on experience

- Improved relationships are required between NGOs and business. Single-issue pressure groups will improve their credibility by presenting a more balanced view and recognising the economic importance of business to the community. Companies need to acknowledge that if their "put their head above the parapet", it may deservedly be "shot off" – "greenwash" is unacceptable and they need to convey the benefits a continuous programme of activity to move inexorably to a more sustainable position. Sustainability probably may never be able to be claimed as there will always be diminishing benefit from marginal activities as well as additional activities that could be undertaken.

5.2   The Role of Professional Bodies

5.2.1 Standards & Co-ordination

The involvement of all the professional bodies active in this area is of the utmost importance. Most of these bodies have their own standards of conduct and practice that pre-date the MSSSB National Standards. These codes and standards have stood the test of time, are more than suitable for purpose and will continue to be applied by the professional bodies concerned. However, there is widespread support for the MSSSB standards, and the question is as to how these will be integrated into pre-existing organisational standards. This clearly will differ from organisation to organisation.

The Chartered Institute of Marketing's position on the MSSSB standards is to welcome them and to promote their widespread use. At the same time, the organisation would draw a clear distinction between the National Standards, which it welcomes as applying a baseline competency to marketing practice, and its own standards which reflect professionalism in marketing practice. This is a position that, the Institute believes, would reflect also the position of the other professional bodies.

Being a member of a professional body carries with it certain responsibilities over and above mere adherence to prescribed standards. All professional bodies, for example, require that their members meet the highest standards of ethical and responsible behaviour and these are areas that, for the time being at least, the National Standards do not pay a great deal of attention to.

In the first instance, therefore, it is equally as important to involve all the separate professional bodies as equal partners in the development of sustainability standards that they can then adopt and integrate into their own codes of practice and standards.

The MSSSB has implicitly recognised this by inviting the Chartered Institute of Marketing to establish a dialogue with the other professional bodies to establish some form of over-arching group that covers this area. This work is ongoing and will be completed over the course of the summer and in advance of the next MSSSB Steering Group meeting in September.

It is also worth reporting that the Panoramic Group (an informal alliance of the CEOs of the various marketing professional bodies, which meets 3 to 4 times annually) has discussed the issue of sustainability and the development of a combined approach. These discussions too are ongoing.

5.2.2 Enabling Activities

Many of the issues raised in this report are beyond the means of individual companies to resolve. Members of professional organisations should be able to benefit from enabling research that directs their approach without each company repeating the same work. There will still be considerable opportunity for implementing the results in different ways and there would be opportunities for additional proprietary research.

Most of the business schools and business departments in universities are teaching-led and not research-based. Industry bodies such as CIM are member organisations with few resources to devote to research. This leaves a gap for directing research to fulfil these needs and it is suggested that a programme is required to map requirements, assign priorities, arrange funding and initiate projects (see s.5.3).

5.3   Next Steps

Throughout the analyses presented here, a number of issues have been highlighted which demonstrate not only that marketers have a lot of catching up to do in the sustainability area, but the tools, resources and techniques they need to do so are lacking.

The marketing standards are primarily used to determine the syllabus for educators, whereas there is a considerable body of current practitioners who need to understand these issues.

The requirements, therefore divide into three areas:

- To develop tools and resources

- New research to add to the body of knowledge and understanding

- To disseminate the findings widely

A range of ideas are presented which will require additional resources. The members of the CIM Steering group and this project team are willing to progress these ideas and will seek suitable partners.

5.3.1 Tools & Resources

- Development of a **knowledge base**: although there is a considerable volume of information on sustainability, principally on sustainable production, and there have been large numbers of consultancy reports, very little of this has addressed the fundamental business issues discussed here. Although there are some web sites targeted at marketers, there is still a need to consolidate and present relevant information in such a way that marketers can learn from it and determine transferable experience. As a knowledge base, it needs to be able to identify what the information means for marketers rather than just be a catalogue of available sources

- In addition, there is considerable value in **case history** information; that is, quantifiable benefits from sustainable marketing practice and stories of success or failure to provide transferable experience, probably on an international basis, since some other countries have greater experience, especially within parts of Europe. Much of the evidence collected here is anecdotal – a protocol is required to portray the impact of relevant activities on business performance in order that different approaches can be compared.

- There is also a need for a **forum** to enable marketers to raise questions, debate key issues and draw conclusions appropriate to their own needs.

- A web-based "**Network for Responsible Marketers**" is in the process of being established, currently being supported at an introductory level by MPG International. It is intended that this will form the nucleus of a facility, based on the UNEP work and that of this project, to enable a knowledge base and discussion forum to be established. The knowledge base can be populated with material collected as part of the UNEP Sustainable Motivation project, although this needs to be brought up-to-date. The extent to which this can be developed further will depend on the extent to which it can be a vehicle for wider dissemination. This will host the outputs from this project and the working area for the CIM Steering Group. (www.theresponsiblemarketer.org)

- It is also proposed to develop a "**Framework**" for marketers to enable marketers to complete a process analysing the impacts on their businesses and develop strategic plans for a more sustainable business

5.3.2 New Research

- The current models of buyer behaviour (see Tim Jackson's work) are inadequate to describe the value-action gap that currently exists; that is, to account for why knowledge does not drive behaviour. There are also obvious inadequacies in the reference frames being used in surveys to measure attitudes to sustainability and which are leading to over-estimates that do not facilitate planning and decision-making. Research is required here to develop improved research techniques; a methodology or methodologies which will provide better measures for planning purposes and to monitor trends. Ideally, typologies may be defined that can form the basis of a research protocol for consistent use by all researchers. One line of enquiry might be to review the methods used in risk analysis, such as psychometrics, where the perceptions of risk by the general public differ from technical estimates of risk. There are in fact, several studies required in this area to improve the value of research both in measuring social trends and product- or market-specific issues.

- Consumer studies are required to benchmark and monitor trends in the underlying factors that may affect behaviour and businesses need to research their own markets within the context of any overall shifts and the competitive situation.

- There is a need to benchmark the level of understanding of these issues within the marketing community. The results from a study of professional marketers would be used to drive priorities for developing tools and resources to meet their needs and to measure progress as the dissemination activities unfold.

- A study is required to establish the extent to which the economic and market values of a business are affected by sustainability issues and the causes of deviation between them

- Tests of the effectiveness of communication vehicles and approaches are required. Brand advertising has become stylised using lifestyle scenarios which may no longer be effective at differentiating products. Sustainability may offer an alternative in some markets, not of the "tree-hugger" and "hair-shirt" lifestyle, but that of a responsible citizen.

- Studies are required to determine which combinations of benefits are complementary with sustainability and which could form the basis of a price point that can recover the incremental costs of a more sustainable business

5.3.3 Dissemination

- The most obvious outcome from this study will be the extent to which the standards and codes of practice of the marketing institutes can be modified to encourage marketers to develop a sustainability approach to their marketing. These standards are used to design courses for students and current practitioners that will then acknowledge sustainability issues

- The CIM has plans for sustainability to form a plank of its "Agenda" programme for the second half of 2006 based on the "triple-bottom-line". This is a concentrated programme of education and debate on a dedicated web resource, seminars, roadshows and extensive coverage in the professional press. It will also form part of the agenda for the Annual Conference.

- Sustainability is already an agenda item for the Panoramic Group (CEOs of Marketing bodies). The CIM Steering Group will form a resource for supporting their debate and activities.

- A range of communication and information tools will need to be developed for distribution throughout the marketing community. An outreach programme is required to ensure the productivity of these materials, which may include marketing and marketing services organisations, other professional organisations, Regional Development agencies, etc..

- A dialogue has already been opened with the Sustainable Design Network and the Design Council to develop joint activities between designers and marketers

- A dialogue needs to be opened with the NGO community to develop a programme to improve the way companies can adopt their principles in practice. Some NGOs have avoided relationships with companies to avoid being accused of being "in their pocket", others have used companies as a source of funding. Joint research projects may be a way to focus more on the practicalities of implementation and may be better undertaken through industry and professional bodies than directly with companies themselves.

- To the extent that the Network can be established, this would form an obvious vehicle for continuous promulgation of information and ideas.

APPENDIX I: MAPPING & ASSESSMENT FRAMEWORK

	Standards	Commentary
1	**PROVIDE MARKETING INTELLIGENCE AND CUSTOMER INSIGHT**	
1.1	**Assess the marketing environment**	

1.1.1 *Map organisations within their current and future marketing environment*

This is about undertaking a strategic assessment of an organisation's environment (competitive / demographic / economic / political / technological / attitudinal trends), objectives and strategies to identify potential opportunities and threats relevant to future marketing policy. It includes assessing the characteristics of the demand for the organisation's products/services and reviewing/auditing the organisation's strategic resources appropriate to delivering sustainable results.

Needs an increased awareness that although the sustainability agenda may not yet be a threat, certainly provides an opportunity to add benefits and brand attributes (product and organisational). The strategic implications are one of timing – at what point can sustainability claims be both legitimately made and accepted by customers as a benefit which they value. Needs a continuous assessment of the organisation's operations, inexorable progress towards more sustainable products and processes and customer acceptance that this activity has some value.

Relevant exogenous factors include:

- Policy and regulatory trends, regional, national and international governments, protocols and agreements

- Government initiatives on e.g. waste, energy, etc.

- Technological 'fixes'

- Ethical concerns, such as obesity, smoking, excessive consumption, excessive travel, marketing to children

- Shifts in attitude and propensity to act sustainably

Standards	Commentary
1.1.2 *Obtain feedback from existing customers, suppliers and others*	
This is about establishing and implementing processes for obtaining ideas, information and insights from existing customers, suppliers and customer facing teams regarding an organisation's marketing proposition, products/services. It includes evaluating the feedback, assessing the benefits and any risks associated with possible options, and making recommendations towards enhancing the organisation's marketing proposition.	Feedback from consumers has tended to be positive, but driven by fears that organisations unfairly exploit people and resources, should be subjected to and comply with additional regulation – the costs of which should be borne by companies.
	There are technical issues over the reference frame and relative importance for such research that affects interpretation. Need to be able to benchmark and monitor change in behaviour, attitudes and propensity to act sustainably – see Research section.
	There are issues over sustainability as a brand attribute and the extent to which this is valued and can be accommodated in pricing – see Brand and Pricing sections
1.1.3 *Identify and monitor competitors' marketing strategies and activities*	
This is about monitoring key competitors' marketing activities and evaluating their potential implications for an organisation's products/services. It includes assessing the corresponding opportunities and threats, and recommending appropriate actions across the marketing mix to develop and/or protect an organisation's products/services.	First mover initiatives with "green" products have largely failed, so some hesitancy amongst all competitors to take the lead. Some companies have a "focus" strategy which may not (yet) scale to the whole market. Some corporate image activities considered "greenwash". Evidence may emerge from competitor's activities in CSR reporting and investor relations rather than traditional marketing routes.
	Leading indicators of success may derive from SMEs with a focus strategy and innovative approaches.
1.2 **Research markets and assess customer need**	
1.2.1 *Define the need for research*	
This is about defining the aims and objectives for market research projects. It includes exploring the issues to be addressed and evaluating how research can inform a way forward.	Research implications are the need to identify leading indicators of change and better techniques for predicting sustainable behaviour or susceptibility to sustainability benefits, particularly in studies that evaluate brand attributes with a view to developing a competitive position.

Standards	Commentary
1.2.2 Design market research projects	
This is about developing market research proposals, including information requirements and research objectives with due consideration for the ultimate usage of the findings. It includes identifying and assessing different research methodologies and tools, identifying a sample which is appropriately representative of the population of interest, and recommending a market research plan with a methodology effective towards achieving the aims and objectives for the research.	Main impact is the need for more technical approaches to establishing the importance of sustainability issues. Sustainability is a complex area of trade-offs and compromises between what can be done and what is worth doing. Customers are frequently informed by single-issue NGOs and media presentations that ignore these complexities. Research needs to establish whether the customer's level of understanding is biased or a true reflection of belief.
	There are probably too many surveys that are not true research leading to respondent fatigue – need to make every project worthwhile.
	Too much research is qualitative without the quantitative follow-up needed to confirm conclusions. Too much research is descriptive without identifying indicators of change and evaluating their potential impact.
	Given many uncertainties, may require larger samples to enable more detailed analysis and more confidence in the conclusions from sub-sets of the data
	Need for an additional typology based on propensity to act which could be included in research protocols to facilitate market segmentation (s.1.3.3). New research techniques required, such as psychometrics or projection techniques.
1.2.3 Implement programmes to collect market research data	
This is about implementing qualitative / quantitative market research programmes. It includes briefing those responsible for gathering data, and ensuring that the programmes follow relevant ethical guidelines.	No additional sustainability implications other than "walk-the-talk"
1.2.4 Collect market research data	
This is about collecting data using relevant market research methodologies and tools.	No additional sustainability implications other than "walk-the-talk"

Standards	Commentary
1.2.5 **Analyse research data**	

This is about analysing data (both qualitative and quantitative) from market research. It includes ensuring that data is handled appropriately, and selecting approaches to analysis which are appropriate to the research objectives.	Implications for analysis are the need to identify the characteristics of subsets and drivers for these as leading indicators of change, such as use of CHAID and Conjoint techniques with impact on survey design to enable this.
	In addition, data and market intelligence needs to be fitted into a model of market structure which recognises
	• market potential outside the boundaries of the existing market
	• degree of substitutability between markets and segments
	• why individual market shares have been obtained
	• the drivers of change that cause customers to cross the boundaries of the model
	The implications for sustainability are that in the absence of identifiable existing market segments, the opportunities need to be identified from within this structure and the factors identified that will cause them to enter the "sustainability segment"

1.3	**Assess the outcomes of research into customers/markets**

1.3.1 **Evaluate and interpret findings and identify connections in complex data**	
This is about evaluating research data, being creative in the analysis, and identifying patterns in both diverse and complex data, and drawing conclusions and making reasoned recommendations. Where appropriate, it includes evaluating the validity of the research results.	As 1.2, particularly reference frames and over-reporting of sustainable behaviours by those with altruistic values
	Beware spurious correlations between sustainability activity and attitudes – e.g. recycling is largely a measure of third party provision of facilities or peer pressure (neighbour's activity), rather than attitude.

Standards	Commentary
1.3.2 *Define the customer experience*	
This is about building upon market and customer intelligence to develop understanding of customer experience, for example customer 'journeys' and key lifestyle events, and using this insight to inform how an organisation can develop product/service propositions and processes in meeting customer requirements.	A potentially key area as reflected in current interest in "well-being" as a measure of social satisfaction and its ability to incentivise respect for the environment and the community.
	Anticipate impact of changes from regulation and business models – e.g. compulsory water metering, technical standards (e.g. digital TV), individual and organisational carbon taxes, etc.
1.3.3 *Establish and understand potential market segments*	
This is about developing an understanding of potential market segments. It includes segmenting a market into distinct groups of customers and validating that the clusters identified are real and can be used to develop a market segmentation strategy.	Until sustainability reaches the level of an essential brand attribute and is a required attribute to be able to compete, it will always have different levels of appeal to different customer segments. Every single customer has a different view on which attributes are most important when evaluating a brand or product. However, they tend to cluster into similar types and there may be several such clusters or segments that would be responsive to a sustainability message.
	At present sustainability has some appeal to some customers – companies that focus their business on those single segments have a focus strategy – that is, they only aim to compete for that segment, but this strategy cannot scale to the whole market.
	The first objective for all marketers must be to raise sustainability to the level of a differentiating factor and to compete on that basis in relevant segments.
	See research section for discussion on profiling and measurement of propensity to act which may define segments

	Standards	Commentary
1.3.4	***Establish target market segments for products/services and evaluate their potential***	
	This is about establishing a segmentation strategy for an organisation's products/services. It includes identifying those segments to be targeted based upon an evaluation of their potential and a reasoned review of the financial return forecast from the segments.	There are research implications for identifying such segments and their buyer behaviour characteristics such that an appropriate marketing strategy encompassing product/service design, communications, pricing and distribution can be developed.
		Leading indicators are required to reveal the emergence of such segments in order to anticipate the need for such a strategy.
2	**PROVIDE STRATEGIC MARKETING DIRECTION FOR THE ORGANISATION**	
2.1	**Develop a marketing focus for the organisation**	
2.1.1	***Develop an organisations' marketing strategy***	
	This is about developing a marketing direction and strategy for an organisation, addressing both the retention and acquisition of customers in line with corporate/financial objectives and business plan. It includes promoting understanding of the value that marketing can bring to the organisation, and positioning marketing as central to organisational strategy. It also includes considering optional strategies covering, for example, mergers/acquisitions and alliance/partner activities towards value creation, evaluating their relative benefits and assessing any associated risks – including balancing market, competitor, stakeholder and business risks.	Sustainability cannot be claimed without having an organisation that universally acts sustainably. It is essential that everybody "walks-the-talk" and takes every opportunity to incorporate sustainable ideas.

Sustainability issues should become evaluation criteria for all decisions that affect production or business processes.

A strong sustainability position should become a key non-financial asset which would improve a company's valuation (which would be defensive towards takeovers) and an evaluation criteria for acquisitions (potential for adding value to the target company). NB: but only if commercial benefits result.

Alliance partners need to have the same sustainability credentials to substantiate reputation (see section on Supply Chain) |

Standards	Commentary
2.1.2 *Develop a marketing oriented organisation*	
This is about instilling a culture of marketing within an organisation, where decisions are based around putting the customer first, and ensuring that an organisation's strategy and policies are centred upon marketing and its corporate social responsibilities. It includes ensuring that an organisation's vision, values, processes and systems are all driven by and geared to the desired image for the organisation and to the needs of its customers.	Emphasise that lapses and exceptions cannot exist – a sustainability reputation is only as good as its weakest link. The risks of exposure are high and certain NGOs are actively seeking these, especially for high profile companies. Key areas of risk are in other geographic markets, where acceptable standards may be different, in terms of operations, supply chain and customer base.
2.1.3 *Demonstrate the value of marketing to the organisation*	
This is about demonstrating the commercial importance of marketing to an organisation's success, both in the long term and also for the short/medium term. It includes demonstrating the value of marketing analysis in leading an organisation to develop a strategy which focuses resources upon appropriate customers, with a clear positioning message and products/services addressing the specific requirements identified.	Key issue is that many efforts to improve sustainability will reduce the productivity of capital. Whole company needs to seek ways to add benefits that the customer values, to improve pricing and restore business performance. Marketing can take the lead in highlighting risks to the future financial performance (even survival) of the organisation and lead strategic efforts to anticipate them.
3 **DEVELOP THE CUSTOMER PROPOSITION**	
3.1 **Develop product/service strategies to acquire/retain customers**	
3.1.1 *Develop marketing strategies and plans for products and services*	
This is about establishing marketing goals and objectives and establishing plans for their achievement across a portfolio of products/services in line with corporate aims. It includes developing strategies for the relevant elements of the marketing mix, relating these to their relevance in addressing identified strengths / weaknesses / opportunities and threats, and forecasting the return from such strategies. It also includes planning to make the best use of the existing customer base, and identifying opportunities for cross and up-selling.	It is only possible to compete on a sustainability platform once sufficient sustainability credentials have been built. To establish that as a corporate objective, the organisation needs to deliver against an extensive sustainability agenda and marketing needs to determine how to create demand from the market potential identified and set objectives.

	Standards	Commentary
3.2	**Develop products/services and brands**	

3.2.1 *Establish requirements for product/services*

This is about identifying the opportunities and assessing the demand for new products /services based upon marketing intelligence and customer insights. It includes establishing a business case for their development and making a risk assessment of the opportunities based upon marketing intelligence.	Market research may identify demand, latent demand or indicators of opportunity, as well as the drivers that might cause customers to cross the boundaries inherent in modelling the market structure (s.1.2.5).
	The implications for product/service are the extent to which the drivers of change are product specific or are based more on confidence that the organisation is both acting as sustainably as it can and has a programme of development to make continued progress towards a more sustainable brand position.
	Long term investment decisions about production technologies, delivery systems and supply chains need to anticipate advances in capability to produce more sustainably.
	Take care with products that have ethical concerns, such as obesity, marketing to children, etc.

3.2.2 *Develop new products/services*

This is about contributing to the development of new products/services, and includes liaising with research and development teams, testing new product ideas, establishing and addressing packaging requirements, and planning and implementing appropriate market trials. It includes making practical assessments of the potential for identified new product opportunities.	To meet sustainability objectives marketers need to collaborate with product designers. Designers should be best placed to know what is possible with current materials and manufacturing practice as well as emerging opportunities. Need to alert suppliers to changing requirements.
	Develop use of tools for ecological footprint, life-time impact assessments, etc.

Standards	Commentary
	Marketers need to familiarise themselves with and influence a whole range of issues, such as:
	• design for recyclability – such as easy disassembly and labelling of plastics as well as regulatory controls (such as WEEE)
	• incorporation of recyclates in product
	• increase recyclable content
	• Materials/waste reduction in product, process and packaging
	• Substitutes for hazardous materials
	• Energy efficiency in both production and use of product
	• Repairability vs. replacement of product
	• Upgradeability to avoid replacement
	• Use and disposal of solvents and water
	• Atmospheric emissions and heat loss
	• Labour issues – contractual and social impact, human rights, corruption, child labour, freedom of association, forced and compulsory labour, disciplinary practices, indigenous rights
	• Ethics of business relations – such as abuse of payment terms for SMEs
	• Environmental certification
	• Biodiversity
	etc.
	Many of these issues will be an absolute requirement for being able to claim to be a sustainable company
	Monitoring processes and performance indicators will be required to establish and manage opportunities and targets.
	Applies to supply chain as well as own operations.

	Standards	Commentary

3.2.3 **_Create and develop brand identity and characteristics_**

This is about creating, protecting and building brand identity and characteristics. It includes selecting a brand that conveys the attributes, benefits and value of products/services, developing and implementing a brand strategy for individual and/or a range of products/services.

In most instances, it will be difficult to make individual product claims for sustainability and many of the sustainability issues are not necessarily product specific. The overall brand image may be the best way to communicate commitment to sustainability, which means that the brand/company behind the brand can be trusted to be doing its best towards a more sustainable future. Of course, it is axiomatic that the company is doing do and that products and services are consistent with the brand.

Most communications in this area are currently with corporate communications, which is often not accountable to marketing – such as CSR reporting which is typically not directed to customers, but to investors and employees and probably needs to be reconfigured for marketing purposes.

Careful change management will be required to evolve into a sustainable organisation with a solid reputation. Once claims are made, the company will be very exposed to criticism for any lapse (this is the main "purpose" of some NGOs) and could destroy years of investment and seriously devalue the company. Parallel reputation management will be required, not so much to handle mishaps but to manage expectations.

Although the OFR has been abandoned by the current government, attempts are being made to resurrect it and the EU is drafting regulations on mandatory narrative reporting which encompass some of the same aims, albeit not to the standard that OFR would have required. Marketing will need to take responsibility for some of this reporting and the directors of the company will need to sign the reports and assume liability for mis-reporting. This may increase the role of the CMO and more may need to become board members so that they become personally liable for their statements under directors' responsibilities.

Standards	Commentary
	For a sustainable brand image to have any impact on competitiveness, customers need to value it as a brand attribute. This has implications for communication strategies and pricing (see ss 3.3 and 4).

3.2.4 Develop and implement packaging requirements

Standards	Commentary
This is about assessing and establishing packaging requirements for products/services that fulfil marketing objectives. It includes testing the packaging where required, and contributing to the identification of suppliers for the preferred packaging.	Packaging is a key sustainability issue mainly in relation to its disposal, but also in relation to the materials used and waste during production. There is a trade-off between the volume of packaging waste and that of product waste if the packaging is inadequate.
	Packaging materials should be recyclable, taking heed of the needs of recycling processes, such as materials separation, plastics labelling, minimising the use of, say, metallic inks that inhibit paper recovery, etc.
	The production of packaging should be sustainable (see supply chain) such as reducing waste during production, use of water-based inks, etc.
	Packaging is also a communications tool providing an opportunity for the customer to learn more about the product – see s.4
NB: use of labelling not in standards	Labelling schemes are frequently proposed to enable customers to quickly identify products that meet certain standards. Customer confidence in these is low – to the extent that the International Consumers Association has suggested they should not be used, for reasons such as:

- Standards are set low enough to encompass the major manufacturers so are no longer differentiating

- statements are too general, vague and unconvincing

- statements are related to long-term benefits and not just the life cycle impact of the product

- there is no comparative basis and claims cannot be verified

- statements made that are dependent upon third party involvement, such as availability of

Standards	Commentary
	recycling facilities
	• proliferation of symbols with different definitions – esp. internationally and which have been accused of a being a hidden trade barrier
	Labelling has been most effective where there are clear performance measures, such as energy labelling and the safety star rating for vehicles, but make no claim for sustainability. Energy Star labelling is now widely used and is no longer differentiating, but there are still many other sustainability issues to be addressed.

3.3 Establish and maintain pricing policy

3.3.1 Establish and maintain pricing policy for products/services

This is about establishing the pricing policy for products/services based upon overall marketing objectives, brand or products/services policy, and an assessment of relevant internal and external factors. It includes monitoring the effectiveness of the policy and refining it continually in line with the marketing strategy for the product/services and developments within the marketing environment.

In most cases (but not all), sustainability will increase both capital and operating costs, if not in the product then possibly in subsequent liabilities for disposal (such as WEEE – see s. 3.2.2 on life cycle modelling).

Pricing is rarely a cost-plus activity – prices are determined by reference to the market; that is, prices reach a level that is accepted for a given combination of benefits and the value that customers give those benefits. That level is reached by the past pricing strategy of all competitors and is the net price after discounts and incentives, etc..

Prices should rise to maintain the capital productivity of the organisation above its risk-adjusted cost of capital. The implication is that customers need to both see the benefits of being a sustainable organisation and to value those benefits.

Customers are rarely as price sensitive as believed. For instance, organic food fetches a considerable premium because customers value the contribution they think it will make to their health. They are probably less concerned about the sustainability issues of maintaining the rural economy and its social structure or levels of pesticide in run-off water – just the residues in the food itself.

Standards	Commentary
3.3.2 *Design and implement price promotions*	
This is about designing and implementing price promotions, incentives and discounts, in line with overall pricing policy. Such incentives can be aimed at gaining distribution as well as motivating the purchase by the end-user. It includes monitoring and evaluating their effectiveness in promoting long term value to the business.	There is an ethical consideration concerning encouragement of excessive consumption - such promotions need to be legitimate competitive activities. Price reductions can be a relatively high proportion of the contribution to profit and given that profits may be squeezed by sustainability that proportion may rise.
	There may be ethical concerns over individual transaction pricing – incentives that are not legitimate competitive activities or even illegal.
	There may be ethical concerns or legal issues over industry-wide pricing agreements and cartels. Price stability is often viewed as resulting from collaboration, although it may merely reflect limited room to manoeuvre in the market.
3.4 **Plan, implement and evaluate marketing distribution strategy**	
3.4.1 *Develop a distribution strategy for products/services*	
This is about developing a strategy for making products/services available to the consumer/end-user, (based upon analysis of customer service needs, distribution channel objectives, constraints and alternatives). It includes evaluating available channels of distribution and identifying those appropriate to achieving marketing objectives.	This is the downstream part of the supply chain that should be evaluated for sustainability.
	Consistency is required – it would be of little use generating a brand image of a sustainable organisation, if it were then sold through outlets that did not have the same concerns, since those customers that valued the image would be reluctant to use such outlets.
	There has been considerable discussion about different business models to encourage whole of life costing – that is to ask the customer to pay for both the product and its ultimate disposal as part of the same "contract".
	The WEEE directive is making suppliers take responsibility for disposal of electronic goods, the cost of which needs to be paid up-front in the price of the product.
	Other business models have been proposed, such as a business/service model whereby the product is not purchased outright, but in effect "rented" and taken back by the supplier to be re-used or recycled.

Standards	Commentary
3.4.2 **Develop a marketing distribution plan**	
This is about developing a plan for the physical distribution of products/services. It includes identifying appropriate channel members.	Transport is a major sustainability issue, mainly because of fuel consumption issues, especially for air transport. Suppliers need to be sought who attempt to minimise their impact.
	Products of combustion are released into the atmosphere – the impact of a personal carbon tax might significantly change the economics of production or sourcing of product or materials or even the product range of an organisation e.g. seasonal crops that need to be sourced from opposite hemispheres in different seasons to maintain year-round supply.
3.4.3 **Implement a marketing distribution plan**	
This is about implementing a marketing distribution plan for products/services and contributing to the evaluation of the plan. It includes ensuring that channel members are clear regarding their roles, as well as monitoring their performance in achieving targeted levels of customer service within agreed budgets.	Wholesalers, distributors and retailers may take some responsibility for marketing a company's products or services. They will need to be subject to the same disciplines and maybe a code of practice imposed.
3.4.4 **Motivate distribution channel members**	
This is about developing effective business relationships and motivating channel members towards maximising an organisation's return on investment in the distribution of its products/services.	As s.3.4.3

Standards	Commentary
4	**MANAGE AND PROVIDE MARKETING COMMUNICATIONS**	
4.1	**Develop marketing communications strategy**	

4.1.1 *Develop an understanding of the client*

This is about developing an in-depth understanding of the client, including the organisation's business aims overall, as well as marketing objectives. It involves developing a business relationship with key decision-makers and working towards creating a common, agreed agenda for future professional working.

Agencies need to clearly understand the sustainability position of their clients. Even if a campaign is not focussed on sustainability, which may mostly be the case, creative, copy-writing and media planning teams need to acknowledge approaches that support or could re-enforce the brand image.

The European Association of Communications Agencies (EACA) in conjunction with SustainAbility and UNEP have developed a plan to promote sustainability – "How communications agencies can turn CSR into business" which includes a "Green Office Guide for Communications Agencies" that describes how agencies can act sustainably in their own businesses.

4.1.2 *Develop a marketing communications strategy and plans for products/services*

This is about developing an integrated marketing communications strategy and plans across the promotion mix. It includes identifying the target audience, objectives, message and media for all aspects of the promotional mix.

This is a complex issue, not least because although awareness of the issues is high, commitment is low. The disconnect between knowledge/attitudes and behaviour, evident in all marketing activity, is extreme in the case of sustainability and research is needed to establish the drivers for propensity to act sustainably.

Also, the essential ingredients for culture change are largely absent:

- do people believe in the underlying purpose?
- do people know what they can actually do?
- can they see the effect of what they have done?
- can they see that others are doing it?
- are they encouraging others?

Standards	Commentary
	The typical customer decision continuum in a rational choice model describes a process of increasing levels of knowledge and understanding until a purchasing decision can be made and then re-enforced by experience with the product. By doing so, they fill the pipeline for potential purchasers until something triggers an actual purchase. This accumulation of experience enables people to short-cut the evaluation process at the time a decision is made – hence the effectiveness of branding; a brand image is the net of all those experiences in the mind of the customer. These considerations may be relatively trivial over a very short timescale in the case of an impulse purchase or part of a much longer considered process for a major capital purchase. In either case, consideration of the underlying need may have gone on for much longer and may have been influenced by the marketing activity of all competitors generating a latent demand within the market potential
	This can lead to a brand "habit" that can be hard to break.
	Clearly the role of communications is important and the strategic considerations are whether to promote:
	• the sustainability characteristics and benefits of the product
	• the sustainability characteristics and benefits of the brand
	• the value of the benefits to encourage acceptance of the price
	and to whom, recognising segments that have different levels of knowledge and understanding

Standards	Commentary
4.2 Advertise products/services	
4.2.1 Develop advertising strategy	
This is about identifying the role of advertising, setting advertising objectives, strategy and budget. It includes establishing 'where we are now', and 'where we want to be', establishing the optimum target audience (in terms of, for example, demographics, lifestyle, product usage, attitudes), product positioning and the marketing mix. It also includes identifying the advertising messages, considering and evaluating media options, selecting the appropriate advertising media, and selecting the measures for success.	As 4.1
4.2.2 Develop the creative product	
This is about creativity in developing creative concepts and ideas which capture the message to be conveyed. It includes exploring possible options and preparing a preferred campaign with supporting rationale, which is compliant with self regulation and is ethical.	As 4.1 There has been a trend in advertising to reduce the amount of copy and rely on lifestyle images to convey a set of benefits which are implied to be transferred to the owner of the product. There is an argument that this has now been overworked and is no longer differentiating as most agencies tend to use a similar approach. It is perhaps less appropriate for sustainability messages where the benefits are far less tangible and novel creative approaches will be required.
4.2.3 Develop a media plan	
This is about preparing a media plan in line with an agreed media strategy and which complements/enhances the creative solution.	As 4.1
4.2.4 Develop an advertising campaign	
This is about preparing proposals towards achieving agreed advertising strategy.	As 4.1
4.2.5 Negotiate and buy media space	
This is about negotiating media space and/or time in accordance with an agreed media strategy. It includes establishing that the space/time is available, buying the media space/time within agreed budgets and confirming the schedule.	As 4.1

	Standards	Commentary
4.2.6	**Evaluate advertising**	
	This is about evaluating the communication effect of a campaign before and/or after it has run, according to pre-agreed measures of success.	As 4.1 But see research section re: technical issues
4.3	**Target individuals by direct and digital marketing**	
4.3.1	**Create a direct marketing strategy and plan**	
	This is about establishing direct marketing objectives (based upon the target market, positioning and the marketing mix), strategy and budget. It includes identifying the appropriate direct marketing tools and the role required of direct marketing.	As 4.1
4.3.2	**Develop direct marketing plans**	
	This is about developing direct marketing plans and associated budgets. It includes establishing and coordinating the messages to be communicated, agreeing the direct marketing media to be used, and piloting campaigns where required.	As 4.1
4.3.3	**Implement door-drop campaigns**	
	This is about planning and implementing a door-drop campaign. It includes the field management of those involved, and monitoring and evaluating the operation.	As 4.1
4.3.4	**Market to customers using media-inserts**	
	This is about planning and implementing a direct marketing campaign using media-inserts to communicate to target customers. It includes planning, covering the testing and researching of the campaign, implementing the programme, and monitoring the outcomes.	As 4.1
4.3.5	**Implement a direct-mailing programme**	
	This is about planning and implementing a direct-mailing programme. It includes agreeing the objectives for the programme, including the selection criteria for the target market, planning and implementing the programme.	As 4.1

	Standards	Commentary
4.3.6	**Develop and implement direct-response tools within advertising**	
	This is about developing and implementing methodologies and techniques for obtaining a response, and gathering the responses, within advertising campaigns, for example, those involving press, radio, television, posters and other outdoor media.	As 4.1
4.3.7	**Execute direct mailing processes**	
	This is about the processes required for executing direct mail campaigns successfully. It includes the sorting, personalising, enclosing and despatch of mail, as well as the subsequent fulfilment of responses.	As 4.1
4.3.8	**Market to target customers using digital / electronic media**	
	This is about using digital/electronic media (including on-line marketing and text messaging) to communicate with target customers.	As 4.1
	NB: Word of Mouth Marketing not in standards	Social learning is proving to be very effective in changing behaviour – relies on peers and role models to convey messages – see s.4.1.2 on culture change
	NB: Self-serve information not in standards (e.g. web sites)	Company website and information provided with products/services should provide added sustainability information – not just brochure-ware, e.g.:
		• manuals etc provide clear information on impacts, e.g. standby, recyclability
		• website provide sustainability policy and examples of how it is implemented
		• helpline service trained in sustainability issues of products and services

	Standards	Commentary

4.4 Manage and provide public relations services

4.4.1 Conceptualise, map and track the organisation's role in society and business

This is about working closely with the senior team of an organisation to set and achieve organisational objectives through the establishment of sustainable and supportive networks. This function addresses the organisation's 'licence' to operate, and includes understanding the organisation's role within society and developing its relations and communications policies among internal and external stakeholders, reinforcing the legitimacy of the organisation.

PR has a significant role to play in communicating commitment to sustainability. Overt advertising of sustainability credentials may be viewed as "shouting" and cynically viewed as "greenwash".

Also, advertising provides only a limited opportunity to communicate a limited message, whereas the need is to communicate more complex messages which might change behaviour – in particular the need to establish that the benefits have value.

4.4.2 Develop a communications strategy to manage the organisation's corporate reputation

This is about developing strategic direction in the management of an organisation's reputation. It includes setting the communications agenda, identifying opportunities and threats, prioritising the issues relating to these, building upon corporate ethics and governance, incorporating these into the organisation's policies and communicating the strategy to all stakeholders.

To the extent that CSR reporting is managed within corporate communications, there is a need to establish marketing objectives for content and distribution. Similarly, for mandatory narrative reporting (see s.3.2.3)

4.4.3 Build and manage stakeholder relationships

This is about building and maintaining good relationships with all stakeholder groups so that mutual understanding, trust and goodwill result, through establishing clear and open two-way communication. It includes understanding and responding to the environment within which the organisation operates.

Third party endorsements of an organisation's sustainability credentials will be far more influential that any claims the company may make.

Reputation needs to be managed with a range of stakeholders, incl. employees, NGOs and government

Standards	Commentary
4.4.4 **Co-ordinate communications functions and the dissemination of the organisation's communications**	
This is about providing advice on strategic corporate direction, via liaison with other managerial departments such as policy, finance and personnel, to identify communications targets and outcomes so that specialist groups receive accurate communications in support of corporate objectives.	Sustainability will only be achieved by changing the culture of the whole organisation to a mind-set that accepts the need and every individual takes responsibility and a role to maintain progress.

CSR reports are seen as a valuable means of communicating internally and helping to develop the culture. They are also believed to be influential on recruitment. |
| **4.4.5** **Manage business and political relationships and lobby for influence** | |
| This is about building and maintaining strong working relationships with government, quangos, business and pressure groups so that in-coming and/or existing legislation is positive towards the organisation. This includes monitoring the socio-economic and political environments for issues and identifying risk, developing messages and targeting parties to be approached, and involvement in the decision-making process through the lobbying of these groups or individuals. | Sustainability issues broaden the range and number of relationships, some of whom are extremely influential and may have significant political influence on the regulatory environment. |

Standards	Commentary
4.4.6 **Manage financial public relations and investor relations**	
This is about producing specialised information for investors and stakeholders. It includes using a variety of communications tools to achieve public relations objectives which are in line with corporate strategy, and requires understanding of financial and business environments.	The financial community has developed sectors around sustainability.
	Investment funds may focus on sustainable/ethical companies and may be based on sustainability indexes, such as the Dow Jones STOXX Sustainability Index. However, there has been no overall performance advantage – the main difference being lower volatility in share price which is seen as a reflection of well-managed companies generally rather than their sustainability credentials in particular.
	Investors do not use CSR reports – they have more technical means of evaluating a company's sustainability position (e.g. SAM, Geneva).
	Lending policies by banks may be influenced by a company's sustainability; e.g. Co-op Bank and Triodos Bank – a focus strategy for these smaller banks.
	UNEP FI, Geneva is a powerful organisation that only allows members who have adequate sustainability performance
4.4.7 **Manage internal and external issues and risks, and meet communications challenges**	
This is about ensuring that the organisation is ready to meet communications challenges that may arise. It involves keeping the board and staff informed of developments within and without the organisation, and preparing contingency plans to prevent and/or resolve these challenges. It includes seeking to protect the organisation's corporate reputation in times of financial change such as mergers and acquisitions. It also includes boundary spanning, crisis management and conflict resolution.	NGOs in particular influence public perceptions and may orchestrate boycotts – they will do this over a single issue, regardless of the totality of commitment to sustainability.
	Risk assessment of upcoming initiatives – NGOs, government depts, etc. trying to innovate to force pace of change. Need to be aware of excessive regulation, unintended consequences, etc and participate in the dialogue, directly or through professional bodies.

	Standards	Commentary
4.4.8	**Develop and implement proactive and reactive PR strategies and tactics**	
	This is about planning and co-ordinating the organisation's internal and external communications and ensuring the effective separation of roles within all group communications functions. It includes setting different objectives and projecting different outcomes for proactive and reactive PR. It involves determining which activities are best in any given situation and working with other marketing communications departments to deliver these actions.	As section 4.4.1
4.4.9	**Develop public relations strategies and tactics to promote products/services**	
	This is about designing public relations objectives, strategies and budgets for an organisation's products/services/brands in line with overall corporate strategy. It includes identifying the relevant public relation messages, the use of the appropriate public relations methods and marketing communications tactics for a selected audience and the evaluation of such public relations activity.	As section 4.4.1
4.5	**Manage and provide sales promotion services**	
4.5.1	**Develop a sales promotion strategy and plan**	
	This is about establishing sales promotion objectives, strategy and a budgeted plan for an organisation's products/services, (based upon the target market, positioning and marketing mix). It includes identifying appropriate sales promotion techniques and promotional marketing activity for consumers / trade (or retailers).	There is an ethical consideration concerning encouragement of excessive consumption and where there are ethical concerns such as obesity and marketing to children - such promotions need to be legitimate competitive activities. Promotions can effectively reduce the net price of the product if additional value is added without any increase in price. It may also have a long-term effect on the price level that is acceptable in the market place. This can be a relatively high proportion of the contribution to profit and given that profits may be squeezed by sustainability that proportion may rise

Standards	Commentary
4.5.2 **Manage sales promotion plans**	
This is about managing the implementation of sales promotion plans in line with the sales promotion strategy. It includes coordinating the use of a variety of promotional marketing activities, (such as on-pack promotions, in-store promotions, direct marketing campaigns, brand experience activity) as well as contributing to the evaluation of sales promotion campaigns.	No additional sustainability implications other than "walk-the-talk"
4.5.3 **Implement sales promotion activity**	
This is about implementing appropriate sales promotion techniques towards achieving promotional marketing objectives. It includes briefing and coordinating the various elements and suppliers involved in the promotional marketing campaigns, in line with agreed plans and budgets.	No additional sustainability implications other than "walk-the-talk"
4.6 **Manage and provide field marketing**	
4.6.1 **Develop a field marketing strategy**	
This is about establishing the field marketing objectives and strategy for an organisation's products/services. It includes assessing and selecting appropriate field marketing disciplines towards achieving the required objectives and return upon investment, and preparing proposals and associated budgets.	See s.7 on sales activity
4.6.2 **Prepare an outline project plan for a field marketing activity**	
This is about implementing, coordinating and developing a project plan to run the entire operation of a field marketing campaign. It includes covering all operational aspects, and ensuring that participants are aware of the aspects to be covered by the plan (including the legalities of insurances, employment law and third-party relationships/negotiations).	

Standards	Commentary
4.6.3 *Implement a field marketing activity*	
This is about the detailed planning and subsequent implementation of a field marketing activity. It includes addressing the technologies to be used, collecting data, preparing reporting models, conducting analysis, and agreeing the return on investment sought. It also includes recruiting field marketers, covering their appointment, training/briefing and monitoring.	
4.7 **Manage and provide motivation services**	
4.7.1 *Develop a motivation strategy and plan*	
This is about developing strategies and plans for the motivation and incentivising of company employees and/or distribution channel members. It includes carrying out 'Human Audits' and identifying appropriate motivation techniques directed at the trade (or retailers) and/or the sales force, or any other appropriate department or third party. It is likely to involve working closely with the Sales and Human Resource functions.	Additional rewards may be offered to the extent that additional or innovative approaches to increase either the sustainability of the organisation or stakeholders understanding of the organisation's sustainability and which can be identified and/or measured.

Applies to employees and downstream supply chain |
4.7.2 *Manage motivation plans*	
This is about managing the implementation of motivation plans in line with the motivation strategy. It includes coordinating the use of a variety of activities (such as incentive programmes, standards programmes, honours clubs, incentive travel and frequent buyer programmes) as well as contributing to the evaluation of the campaigns.	No additional sustainability implications other than "walk-the-talk"
4.7.3 *Implement motivation activity*	
This is about implementing motivation techniques based upon the objectives to be addressed. It includes the effective briefing and coordination of the various elements and suppliers involved in motivation campaigns and doing so within the constraints of the agreed budget.	No additional sustainability implications other than "walk-the-talk"

	Standards	Commentary
5	**USE AND DEVELOP MARKETING AND CUSTOMER INFORMATION**	
5.1	**Develop customer information strategy**	
5.1.1	*Develop a customer information strategy*	
	This is about developing a customer information strategy. It includes identifying the information priorities in line with marketing strategy and customer plans.	To the extent that information on customer's sustainable attitudes may be available and of practical use. May form a basis of segmentation for the purpose of increasing the level of knowledge and understanding of the importance of sustainability issues and determine a segmentation strategy.
5.1.2	*Implement a customer information strategy*	
	This is about implementing an agreed customer information strategy	
5.2	**Evaluate marketing effectiveness**	
5.2.1	*Lead the monitoring and evaluation of marketing performance*	
	This is about promoting a culture in which the impact of marketing and marketing activities upon overall and sustained business success is monitored and evaluated. It includes working with other business disciplines to establish those measures which can be applied and have value, and thereafter applying these measures across the marketing function. Such measures might include customer lifetime value models, brand valuation, return on investment models, impact upon brand attributes, cross/up selling rates, post investment appraisals.	Acknowledge that sustainability issues may add an additional dimension to such analyses.
5.3	**Manage information and knowledge**	
5.3.1	*Develop and maintain a marketing database*	
	This is about contributing to the development and maintenance of a marketing database. It includes defining the applications for the database, eg for direct marketing, and the information required within it regarding individual customers (such as demographic, geographic, psychographic and transactional data covering recency, frequency and monetary value). The effectiveness of the database is maintained continually.	To the extent that classification data on sustainability attitudes are useful for segmentation and targeting purposes. Ethical concerns over data retention and its uses and compliance with data protection legislation. Respect for privacy

Standards	Commentary
5.3.2 ***Use technology to achieve marketing aims***	
This is about making the most effective and efficient use of technology. It includes being proactive in identifying technological developments relevant to your area of responsibility, and assessing their advantages and disadvantages. It also includes planning the use of new technology, implementing these plans, and evaluating the contribution that new technology has made towards achieving goals and objectives.	No additional sustainability implications other than "walk-the-talk"
5.3.3 ***Use IT in managing marketing data***	
This is about using IT effectively in identifying and presenting data appropriate for applications which, for example, could include preparing marketing/sales figures using a spreadsheet, or producing a brochure using word processing.	No additional sustainability implications other than "walk-the-talk"
6 **LEAD MARKETING OPERATIONS AND PROGRAMMES**	
6.1 **Gain commitment and provide marketing leadership**	
6.1.1 ***Put an organisation's marketing strategy into action***	
This is about transforming an organisation's marketing strategy into action. It is also about developing and aligning an organisation's marketing processes and resources to achieve marketing objectives and plans. It includes implementing strategies and budgeted actions, gaining support for the strategy, motivating others to make their full contribution to its achievement, continuously reviewing and refining the strategy and recommending tactical responses to performance. It also includes promoting marketing best practices in line with the organisation's corporate ethics and social responsibility.	"Walk-the-talk" – that is to manage the impact of marketer's personal activities, e.g.: • green housekeeping - adopt a "reduce, reuse and recycle" approach for all materials consumed • green purchasing – equipment and consumables • green office space – energy and water consumption, maintenance consumables and materials • green transport – travel off-peak to reduce "idling" energy consumption, use public transport, car sharing, use low-emission vehicles, substitute travel with electronic communications, home working

Standards	Commentary
6.1.2 Implement marketing strategies and plans for products/services This is about implementing marketing strategies and plans for an organisation's products/services. It includes preparing and implementing a budgeted action plan, and making tactical responses to performance and changes in circumstances. It also includes assessing the impact upon the long term value of the business.	
6.1.3 Develop and maintain a portfolio of products/services This is about developing and maintaining a portfolio of products/services, with regard to both shorter and longer term planning. It includes forecasting their demand and evaluating their potential through cost / benefit analyses to ensure that an organisation's marketing efforts are focused effectively. It also includes evaluating the most effective return on investment across a range of products/ services.	Key area: see s3.2 Demand forecasts may require modelling to evaluate drivers of change towards shifting demand for more sustainable products and rate of substitutability. May be dependent on active generation of demand for products from a sustainable source: see s.1.3
6.1.4 Lead marketing/marketing communications teams This is about leading people to align their efforts with marketing/marketing communications plans. It includes gaining support for the plans, providing direction, inspiring and motivating people towards achieving the objectives and continuously reviewing and refining the plans.	Part of the change management programme to obtain commitment to a culture of a more sustainable operation.
6.1.5 Lead and manage marketing projects This is about leading and managing marketing projects/programmes. It includes project management of marketing programmes, involving multi-disciplinary teams, by non-specialised project managers.	As section 6.1.4
6.1.6 Ensure effective marketing logistics systems This is about contributing to marketing logistics systems which realise agreed customer service levels, ensure that resources and skills are in place, as are necessary to maintaining the 'supply-chain' for the organisation's products/services. It includes working with the organisation's relevant further business functions.	No additional sustainability implications other than "walk-the-talk"

Standards	Commentary
6.1.7 **Ensure marketing operations comply with legal, regulatory, ethical and social requirements**	
This is about ensuring that the marketing operation works in ways that are consistent with the organisation's values and ethical principles and that marketing practices fulfil legal and regulatory requirements, including health and safety.	Compliance with regulations is a minimum requirement and brings no competitive advantage. There is an issue over global competition where different regulatory regimes may apply.
	Self-imposed regulations and standards may bring additional benefits.
6.1.8 **Fulfil the legal, regulatory and ethical requirements impacting upon your marketing activity**	
This is about ensuring that you fulfil those legal, regulatory and ethical requirements which impact upon your own marketing/marketing communications activities. It includes keeping up to date with current legislation and codes of practice, and applying their requirements.	As section 6.1.7
6.2 **Establish products/services in international and/or diverse markets**	
6.2.1 **Explore international and/or diverse markets**	
This is about assessing the marketing opportunities within international and/or diverse markets. It includes developing an understanding of appropriate trade systems, and the economic, political, legal and cultural environments within potential markets, and their implications for the distribution of an organisation's products/services.	Recognise differences in attitudes, market potential, opportunities and regulatory differences attributable to sustainability issues. Otherwise, all else applies.
6.2.2 **Establish the business case and marketing plan for distributing products/services to international and/or diverse markets**	
This is about establishing the business case and associated marketing plan for distributing products/services to international and/or diverse markets. It includes making an assessment of the market potential (covering such as demographic, geographic and economic issues, technology), and preparing a market entry strategy and plan addressing all relevant aspects of the marketing mix.	

	Standards	Commentary
6.2.3	***Implement and evaluate marketing plans for international and/or diverse markets*** This is about implementing and evaluating marketing plans for international and/or diverse markets. It includes working closely with the appropriate sales team (in-house and/or agents) to continually monitor, assess and refine the strategy and plans.	
6.3	**Manage financial resources**	
6.3.1	***Manage finance for an area of marketing operations*** This is about identifying and managing the funds needed to achieve marketing goals and objectives, and taking the relevant action to obtain these funds, drawing upon the expertise of financial specialists.	Sustainability issues will change the cost structure and capital productivity of an organisation. Need to analyse changes to metrics such as contribution to profit and RoI calculations
6.3.2	***Manage a marketing budget (MSC E1)*** This is about having ownership of, and being responsible for a budget. It includes preparing, submitting and agreeing a budget for marketing plans, and monitoring and controlling the use of resources in line with the budget.	
7	**WORK WITH OTHER BUSINESS FUNCTIONS AND THIRD PARTIES**	
7.1	**Promote the supportive integration of marketing and sales activity**	
7.1.1	***Develop sales strategies and plans (Sales A2.2)*** This is about an integrated approach with sales teams to develop and agree sales strategies and plans for products/services. This includes the setting of objectives, both overall and by customer types, and agreeing sales approaches according to the customer buying process.	Sales people need to be included in any change process to develop a sustainability culture. May require specific sales training, especially in benefits analysis and convincing customers of the value of the benefits. May need incentives to encourage increase in proportion of sustainable products/services sold. Encourage them to "walk-the-talk"

Standards	Commentary

7.1.2 **Build and deliver customer service and customer care support (Sales A9.4)**

This is about building and delivering customer service and customer care support toward developing and maintaining long term business relationships with key accounts. It includes developing plans towards working in partnership with the key accounts and thereby adding value to key accounts over and above the supply of products/services.

7.1.3 **Build and retain effective sales relationships (Sales A9.2)**

This is about building key customer/account relationships.

7.1.4 **Assist in the development of sales support and customer management programmes (Sales A9.5)**

This is about ensuring a high level of sales and customer services support to an organisation's customers.

7.1.5 **Manage and assess ongoing financial viability of key customer relationships (Sales A3.5)**

This is about managing the financial performance of key customers.

7.1.6 **Monitor and control relationship management activities (Sales A9.6)**

This is about monitoring and controlling customer relationships. It includes maintaining levels of service and initiating changes to products/services offered in order to meet the developing needs of key customers.

Standards	Commentary
7.1.7 **Monitor and solve customer service problems (ICS 4)**	
This is about working with the sales and other business functions in dealing with problems that customers may have with products/services supplied by an organisation. It includes identifying customers' problems, developing solutions and agreeing these with customers, implementing the agreed solution and checking that problems have been resolved to customers' satisfaction.	
7.2 **Procure marketing services**	
7.2.1 **Create a brief that captures the marketing proposition**	
This is about defining the aims, objectives and budget for the promotion mix. It includes identifying the product/service proposition and the messages to be conveyed.	Policy on sustainable supply chain management required. Ethics of business relations – such as abuse of payment terms for SMEs Expect the same standard as apply to selves. The organisation is only as sustainable as its weakest link.
7.2.2 **Decide whether to buy in services from external suppliers**	
This is about taking decisions on whether services should be obtained from an internal or external source of supply, or a mix of such. It includes assessing and specifying the services required and deciding upon the potential sources of supply.	
7.2.3 **Identify third party suppliers of marketing services**	
This is about identifying and selecting appropriate third party suppliers of marketing services. Working with procurement services where necessary, it includes identifying possible sources, inviting tenders for specified requirements, assessing tenders, selecting appropriate proposals according to relevant criteria.	

Standards	Commentary
7.2.4 **Brief and work with third party suppliers of marketing services**	
This is about selecting and working with third parties to achieve the agreed aims and objectives. It also includes monitoring the suppliers' compliance with contracts and the quality of services, evaluating the suppliers' performance and providing feedback.	
7.3 **Manage and work with client accounts**	
7.3.1 **Manage and work with client accounts**	
This is about working with clients to provide the products/services required, in line with their brief, and their marketing strategy and objectives. It includes developing and managing relationships and seeking opportunities to develop the business with the client.	
7.4 **Build business relationships, networks and partnerships**	
7.4.1 **Develop productive working relationships with colleagues (MSC D1)**	
This is about developing productive and effective relationships with colleagues at work, both within and also outside your own organisation. It includes understanding colleagues' interests, motivations and competences, agreeing respective roles, responsibilities, rights and expectations, fulfilling this agreement and reviewing continuously your relationships with colleagues.	Encourage them to "walk-the-talk" to help build brand position
7.4.2 **Work with other business functions**	
This is about working effectively with other business functions within the organisation towards realising your marketing goals and objectives, and promoting marketing as central to overall business strategy. It includes managing the interface with other functions, establishing shared business goals and the capabilities, roles, responsibilities, rights and expectations of each function. It also includes monitoring performance against mutual expectations and evaluating the effectiveness of the working relationships in achieving shared goals.	Establish governance framework for developing policy, managing corporate culture, developing brand image, performance indicators and reporting sustainability credentials.

Standards	Commentary
7.4.3 ***Develop personal networks (MSC A3)***	
This is about developing your own personal networks to support both your current and future work. Your networks may include people both internal and external to the organisation. It includes defining the purpose of different personal networks based upon the principles of reciprocity, and taking proactive and reactive action to develop personal networks.	There are many sources of advice and influence concerning sustainability as well as many uncertainties as new ideas are proposed and evaluated. It is a personal responsibility to develop and maintain networks of such contacts to ensure that opportunities may be adopted.

Membership of appropriate business associations and any sub-groups focussing on sustainability. |
| **Other Corporate Departments (missing from standards)** | |
| | Marketing has a major co-ordination role to ensure an overall sustainability culture, including purchasing, manufacture, delivery systems, finance, etc. mentioned elsewhere. May be required to set targets for these departments to meet change management objectives. Will need board level commitment and may need board level representation.

There is often an environmental compliance expert(s) who may be located in one of a variety of departments. Linking these with marketing would be a sound strategic decision, broadening their role beyond compliance to identify policy trends and opportunities – they have valuable networks and market intelligence |
8 **MANAGE AND DEVELOP TEAMS AND INDIVIDUALS**	
8.1 **Manage marketing people**	
8.1.1 ***Recruit, select and keep marketing colleagues (MSC D3)***	
This is about recruiting and selecting the people that you need to achieve your marketing objectives. It includes identifying the people needed and their capabilities, recruiting them and taking appropriate actions to keep the people that the marketing function needs.	Include in evaluation criteria attitudes towards sustainability and what they can add to the culture.

Ethical consideration over discrimination (gender, race, age, disability) |

Standards	Commentary
8.1.2 **_Plan the marketing workforce_**	Develop a code of conduct – general principles to guide behaviour
This is about planning the number and type of people who work within the marketing function. It includes considering the strategic plans for marketing and deciding whether the function should be expanding, maintaining or contracting its workforce. It also includes considering the mix of marketing people required.	
8.1.3 **_Allocate and monitor work within marketing_**	
This is about ensuring that work within your area of marketing is planned effectively and is allocated fairly to individuals and/or teams. It includes monitoring the progress and quality of work to ensure that the required standards are being met, and updating plans of work according to developments.	
8.1.4 **_Provide learning opportunities for marketing colleagues (MSC D7)_**	
This is about being responsible for the development of colleagues. It includes promoting a learning culture so that colleagues take responsibility for their own learning, and are supported in this by the organisation. It also includes providing learning opportunities, including experiencing new roles and responsibilities.	Provide training and education opportunities for both personal development and to enable a wider sustainability competence. Allow CPD credits for sustainability Encourage knowledge sharing. Encourage voluntary initiatives
8.1.5 **_Encourage innovation (MSC C2)_**	
This is about encouraging and supporting the identification and practical implementation of ideas. The initial ideas will primarily come from people working for the organisation, although it is expected that ideas will be sought from beyond the organisation, and will include opportunities relating to new and existing products/services, and also practices, procedures, systems and ways of working.	Many sustainability issues may need to be solved by innovative approaches – technical and in business models. Need to actively monitor and watch for opportunities. Innovation is required in market modelling and research to recognise leading indicators of change and factors that might drive customers into relevant market segments and to develop products/services/business models to suit their needs.

	Standards	Commentary
8.2	**Manage yourself**	

8.2.1   *Manage your own resources and professional development (MSC A2)*

This is about managing your personal resources (knowledge and understanding, skills, experience, time etc) and your professional development in order to achieve your work objectives and your career and personal goals. It includes understanding your work role and how it fits into the overall vision and aims of the organisation, whilst also understanding what is driving you in terms of your values and your career and wider personal aspirations. It also includes identifying and addressing gaps in your skills, knowledge and understanding.	There is a lot to learn about sustainability – actively seek sources of information and advice and incorporate into activities.

APPENDIX II: SELECTION CRITERIA FOR INTERVIEWS

Objective: to identify companies that have engaged with a range of marketing issues in connection with sustainability (environmental, social and ethical) with a view to profiling their strategy and objectives and, if possible, the effectiveness.

A three-step process is planned:

I.   Identification of companies with some evidence for acting sustainably, based on the experience and network of contacts of members of the CIM Steering group

II. An initial selection of up to about 20 companies will be interviewed by telephone and screened to determine the extent to which they fit the criteria for profiling. Contact should be with a senior marketer with strategic responsibility and agreement will be sought to undertake the third phase

III. Personal interviews with marketer(s) in 6 organisations to establish the range and type of marketing activities that have been implemented in support of a sustainability strategy and any feedback on its effectiveness. Information on lack of effectiveness and failed initiatives will be just as valuable as success stories.

Selection Criteria

Recognising that, so far, few companies are competing on a sustainability platform, and that many of those that are have a focus strategy which may not scale to the larger market, companies will be identified for interviewing that fulfil a number of the following criteria:

- Have incorporated sustainability principles into product/service design, including packaging and upstream sustainable supply chain
- Have advertised or promoted products on a sustainability or "green" platform OR have deliberately avoided overt promotion and have a rationale
- Used an eco-label
- Have developed a brand image which encompasses their sustainability credentials
- Have undertaken a corporate image/communications campaign to promote their sustainability credentials OR have deliberately avoided overt promotion and have a rationale
- Have participated in production of CSR reports or evaluation against GRI standards
- Have targeted CSR reporting to customers and/or downstream supply chain (as opposed to other stakeholders)
- Have developed an internal culture of sustainability along with a change management programme to encourage and implement it
- Have a programme of measuring and monitoring customer attitudes to sustainability issues in relation to their markets
- Have deliberately aligned themselves with distributors/retailers who have an established sustainability policy.
- Have estimated changes to marketing RoI driven by sustainability issues, to include the implications of increases in cost of manufacture or delivery

- Have briefed their advertising/promotions agency to consider sustainability themes for creative treatments
- Have taken part in internal discussions concerning the sustainability position, such as with Environmental or Health & Safety specialists, either directly or with consultants.
- Have implemented sustainability practices within their own office environment

A mix of types of companies will be preferred including manufacturing/service, B2B/consumer, global/regional/local, in different industries. The case studies will analyse the company's performance against the analysis of sustainability issues mapped onto the marketing skills set.

APPENDIX III : INTERVIEWING PROFILE (TELEPHONE)

Note to interviewers: the purpose of this interview is to be able to select companies for more detailed analysis based on their range of activities, rather than to obtain detailed information now - it is more important to get answers to the top level questions and to establish whether they would participate in the next stage.

Preamble

I wonder if you can help me with a brief profile of sustainability activities in *[company].*

The CIM is undertaking an exercise to identify the role of marketers in sustainability (by sustainability I mean that it is used as a short-hand to describe responsibility for the environmental, social and ethical concerns of business while maintaining the basic economic functions of the business). This is a project supported by the DTI and DEFRA and I am part of the project team.

So far, we have taken the marketing skills set as described by the Standards Setting Board and mapped onto that a whole range of sustainability issues.

What we would like to do next is to talk to a number of companies to see how they have dealt with some of these issues, or if not, why they have decided against it. I would appreciate the opportunity to talk through these briefly over the phone – either now or at a more convenient time if you prefer [arrange]. We will treat this confidentially, although we would like to use what we have learned to develop our analysis and any comments or anecdotes would be non-attributable.

We will then want to follow up in more detail with some companies if they are happy to do so. We would like to visit and talk to perhaps a number of marketers in the company and write up a profile to illustrate how it is working in practice. This would obviously have more visibility and we would ensure that the company is happy with it before the report is released.

Discussion Profile

Perhaps you could first describe for me the sustainability aims of *[company]* and highlight the implications for marketing.

Note to interviewers: start by letting them set the agenda – they will be more comfortable talking about stuff they are confident in and probe if necessary – then go through this check-list to fill the gaps

- Do you have any products or services *(as opposed to a corporate "attitude", see separate section)* which might be described as "green" or "tinged with green" even if they are not promoted as such:
  - If not, why not
  - What drove the introduction of these: technology, market opportunity, corporate philosophy, market test
  - Who took the initiative: functional responsibility
  - Have they taken market share from other products or competitors
- What influence do marketers in your company have over product or service design

- o Or, is it left to manufacturing or operations (esp. for service companies) to look for opportunities amongst existing or new products/services
- o Do you think that the product development team are well-versed in sustainability issues
- o Do they impose sustainability standards on their supply chain
- o Do you meet with designers – do you discuss sustainability opportunities
- Have you incorporated sustainability principles into product/service design, including packaging and upstream sustainable supply chain
  - o In which areas to they try to influence design: materials reduction, materials substitution, energy consumption in use, recyclability, transport
  - o Do marketers try to influence product design and which areas do you feel have the most potential
  - o Have product release dates been affected by incorporating sustainability factors
- Have you advertised or promoted products on a sustainability or "green" platform
  - o OR have you deliberately avoided overt promotion and what is the rationale
  - o Which sustainability benefits do you feel are the most effective with customers
  - o Do you think that customers value these benefits enough to pay a higher price
  - o How can you avoid "greenwash"
  - o Have you added an eco-label to any products
  - o Have you undertaken any communications effectiveness research and what are the findings
- Have you limited or restricted promotion of products, or managed ethical issues in other ways, such as :
  - o To children
  - o For health reasons – e.g. smoking, alcohol, obesity
  - o To limit excessive consumption
- Are you developing a brand image (where the brand might be the company) with customers which encompasses sustainability credentials
  - o Was this driven by:
    - an overall corporate philosophy
    - as part of wider stakeholder image-building
    - to pre-condition the market to sustainable products
    - to support product claims
  - o Are all staff aware of their role in brand image development and set objectives for more sustainable performance of their activities
  - o Have you measured the importance of sustainability as a brand attribute and changes to perceptions of image with customers/other stakeholders
- Have you undertaken a corporate image/communications campaign to promote your sustainability credentials to customers
  - o OR have you deliberately avoided overt promotion and have a rationale
  - o Which types of messages do you feel are most effective
  - o How do you avoid "greenwash"

- o Do you have an internal brand campaign to inform employees
- o Have you undertaken any communications effectiveness research and what are the findings
- Are you involved with any trade association within your area of business
    - o Are they addressing industry-specific sustainability issues
    - o Are they providing advice to members on sustainability
- Does your company produce a CSR report
    - o or evaluation against GRI (Global Reporting Initiative) or other standards
    - o are marketing involved in the preparation of that report
    - o is it (or a derivative summary) actively distributed to customers (as opposed to being available on the web site)
    - o have you used it with your distributors/retailers (downstream supply chain)
    - o have you taken part in internal discussions concerning your sustainability position, such as with Environmental or Health & Safety specialists, either directly or with consultants
    - o are you aware of the requirements to report on marketing issues in the (now defunct) OFR (Operating & Financial Review) and in the forthcoming EU regulations on mandatory narrative reporting
        - ▪ are you aware of the directors responsibilities for such reporting
        - ▪ does marketing have board representation to able to be able accept those responsibilities
- Have you developed an internal culture of sustainability
    - o Do you have a change management programme to encourage and implement it
    - o Have you increased training in this area
    - o Do you have an internal communications programme
    - o Are you monitoring rate of change – is it meeting objectives
- Do you have a programme of measuring and monitoring customer attitudes to sustainability issues in relation to your markets
    - o With market research specifically to identify dynamics in this area
    - o As part of regular market research
    - o As part of a regular customer feedback programme
- Have you deliberately aligned yourselves with distributors/retailers who have an established sustainability policy.
    - o Who do you feel would qualify
- Have you evaluated the financial impact of sustainability:
    - o To determine the financial feasibility of increasing sustainability
        - ▪ What measures do you use – margin, return on capital
        - ▪ Is it compared with corporate financial objectives
    - o To evaluate the cost implications of adding sustainability to manufacture or delivery
    - o To justify marketing budgets
    - o To estimate changes to marketing RoI driven by sustainability issues
- Apart from product or corporate promotion on a sustainability platform, have your briefed your advertising/promotions agency to consider sustainability themes for creative treatments
    - o Has your agency encouraged you to think along these lines

- Do you "walk-the-talk" , that is, implemented sustainability practices within your own office environment
    - Recycle waste paper, print double-sided
    - Use recycled paper – in the office, for print
    - Reduce use of transport – work from home, video-conference
    - Reduce energy consumption
    - Reduce level of consumption of consumables

APPENDIX IV: INTERVIEW NOTES (SEPARATE CONFIDENTIAL VOLUME)