CMO Sustainability Accelerator

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ACTION PLAN

The Future is Mainstream Green

Introducing a New Growth Strategy

Click here for an overview (abbreviated version)

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A step-by-step action plan focused on driving Mainstream Green

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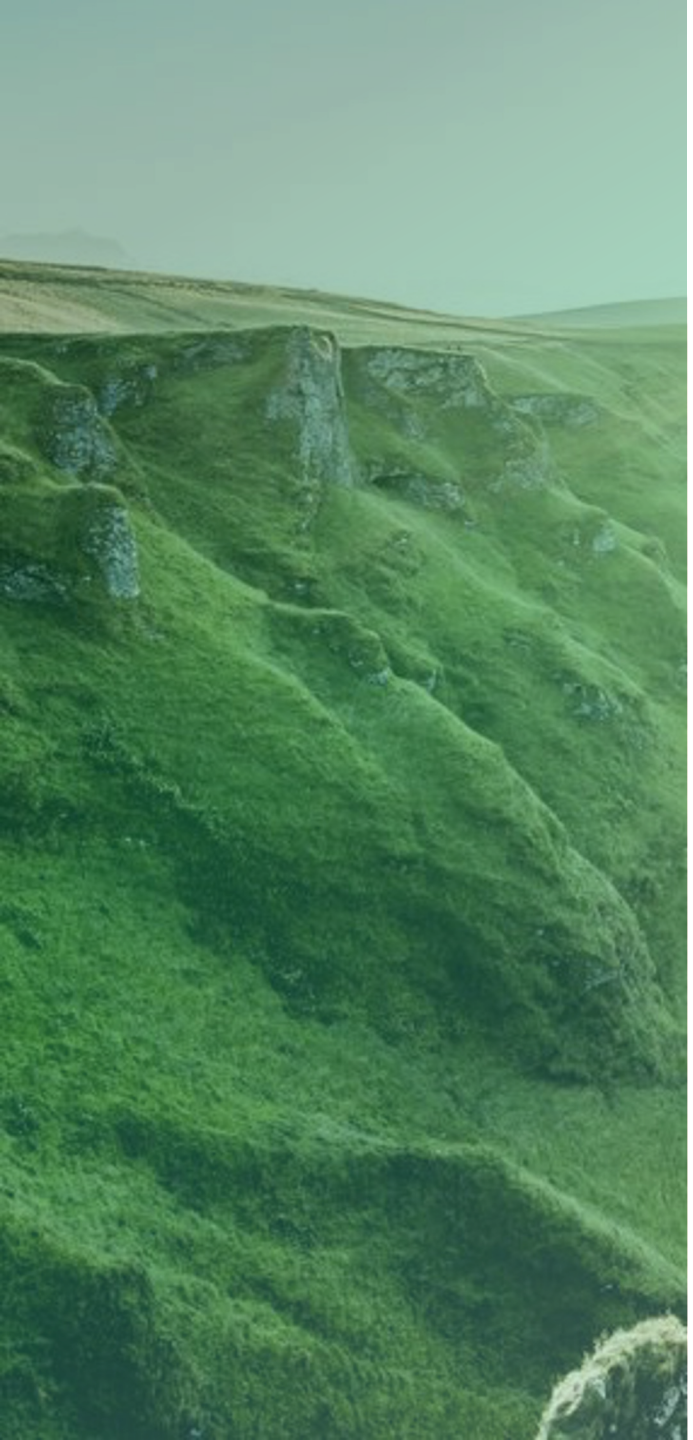
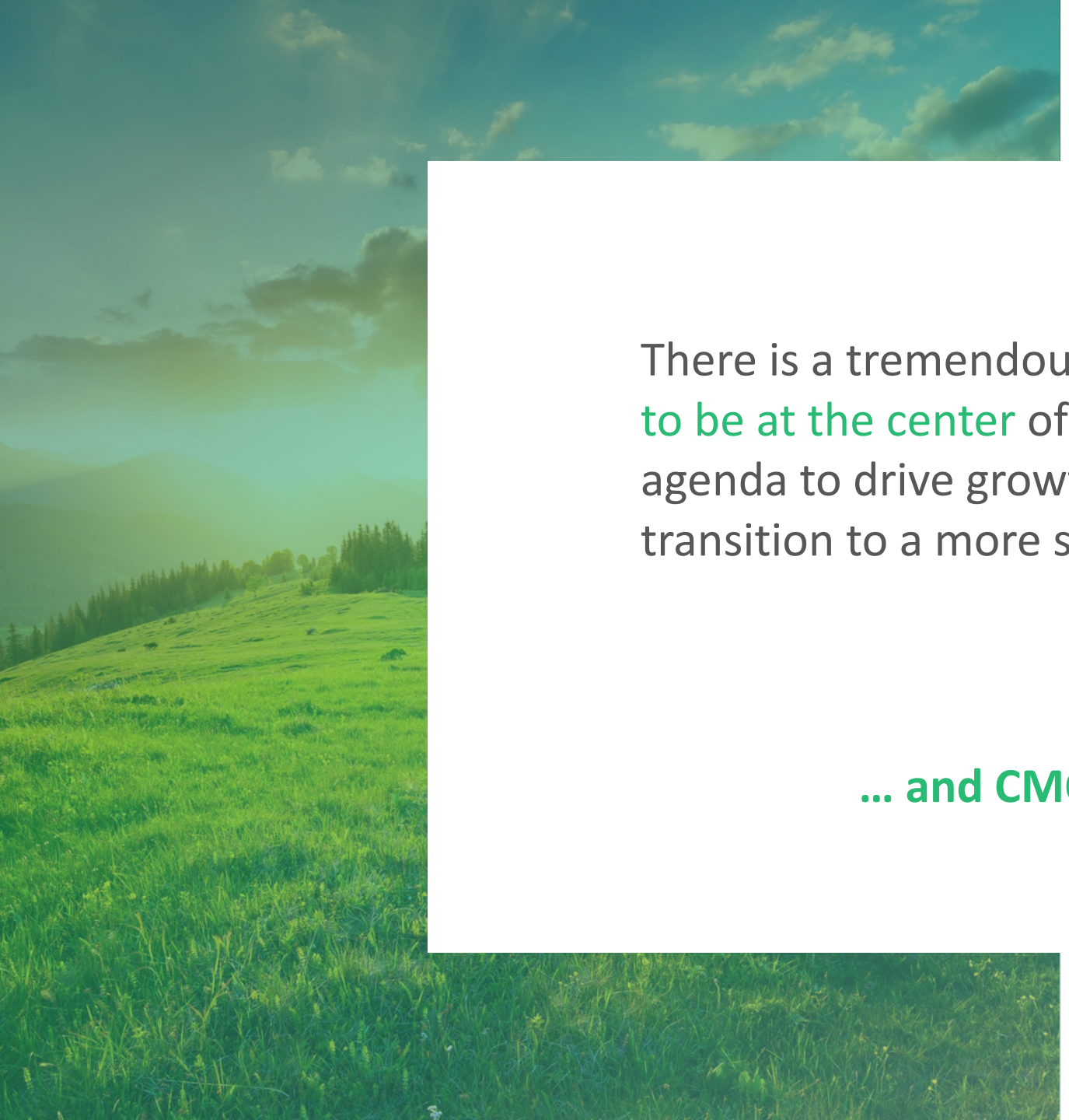


Introduction

- Why environmental sustainability for marketers?
- Why now?



There is a tremendous opportunity for customers to be at the center of the CEO's sustainability agenda to drive growth and accelerate the transition to a more sustainable economy

… and CMOs provide that critical unlock

Why CMOs?

Represent the voice of the customer

Without this crucial stakeholder, companies can only achieve a portion of their environmental sustainability goals

Bring a unique set of skills

- As “Chief Collaboration Officers,” CMOs build allies and ensure cohesion across functions to realize business value from sustainability
- As experts on engaging the customer, CMOs can flip the script on hurdles to environmental sustainability adoption, helping make complex topics digestible and unfamiliar products desirable

Case study

How understanding the customer perspective unlocks carbon reduction goals

Company with ambitious carbon reduction goals realized that supply chain optimization was only projected to achieve 1/4 of the target

Product itself was key driver of emissions and needed to be changed, with two key challenges:

- Still had to deliver on customer needs
- Had significant perceived barrier that more sustainable products equated to lower quality products

Collaborative “win-win” product innovation put company on track to achieve 100%+ of CO_2 reduction goals, with marketing to show customers that the new product is objectively better—only possible by including customers and their needs in the strategy

Source: BCG experience

Why now?

Sustainability is not a new topic, but **pressure i growing from a variety of stakeholders** to address the environmental component of ESG[1]

- Shareholders
- Employees
- Customers
- Governments

Companies must help **close the "say-do" gap** to achieve

- Business growth
- Environmental goals and impact

+3pp total shareholder return — for top-quartile environmental performers globally[2]

<20% of retailers — are on track to meet sustainability targets that >70% of them have set

~68% of employees — say they are more willing to accept jobs from organizations they consider to be environmentally sustainable[3]

69% of global customers — believe most companies are using sustainability to improve their image or sell

96% of US customers — say they try to live sustainably at least some of the time

<10% of global customers — consistently act and purchase on sustainability just to "save the planet"

7.1x growth rate — of sustainability-focused CPG products vs. conventional[4]

127 countries — now have restrictions on single-use plastic

1. Environmental, social, governance 2. +3pp total shareholder return: Average customer company valuation premium versus median ESG performers, all else equal; pp = percentage points 3. 68% of employees: In addition, ~1 in 3 of those surveyed who changed jobs in the last year said they accepted a lower salary to work for sustainable or socially responsible organizations 4. Versus conventionally positioned products. Products with sustainable positioning drove ~55% of all growth in customer products in 2015 – 2019.

Sources: +3pp total shareholder return: World Economic Forum (2022); <20% of retailers are on track: CDP emissions target database; 68% of employees are more willing to accept jobs from environmentally sustainable organizations: IBM Institute for Business Value survey (Feb 2022); 69% of global customers believe companies are using sustainability to improve image or sell: BCG sustainability customer survey, June 2022; 96% of US consumers try to live sustainably: Sustainable Brands Socio-Cultural Trend Tracking Research (Aug 2021); <10% of global customers consistently act and purchase sustainability: BCG analysis (Center for Customer Insight consumer research 2020 and 2022); 7.1x growth rate for sustainably focused CPG products: First Insight, NYU Stern Sustainable Market Share Index 2021; 127 countries restrict single-use plastic: World Resources Institute (2019)

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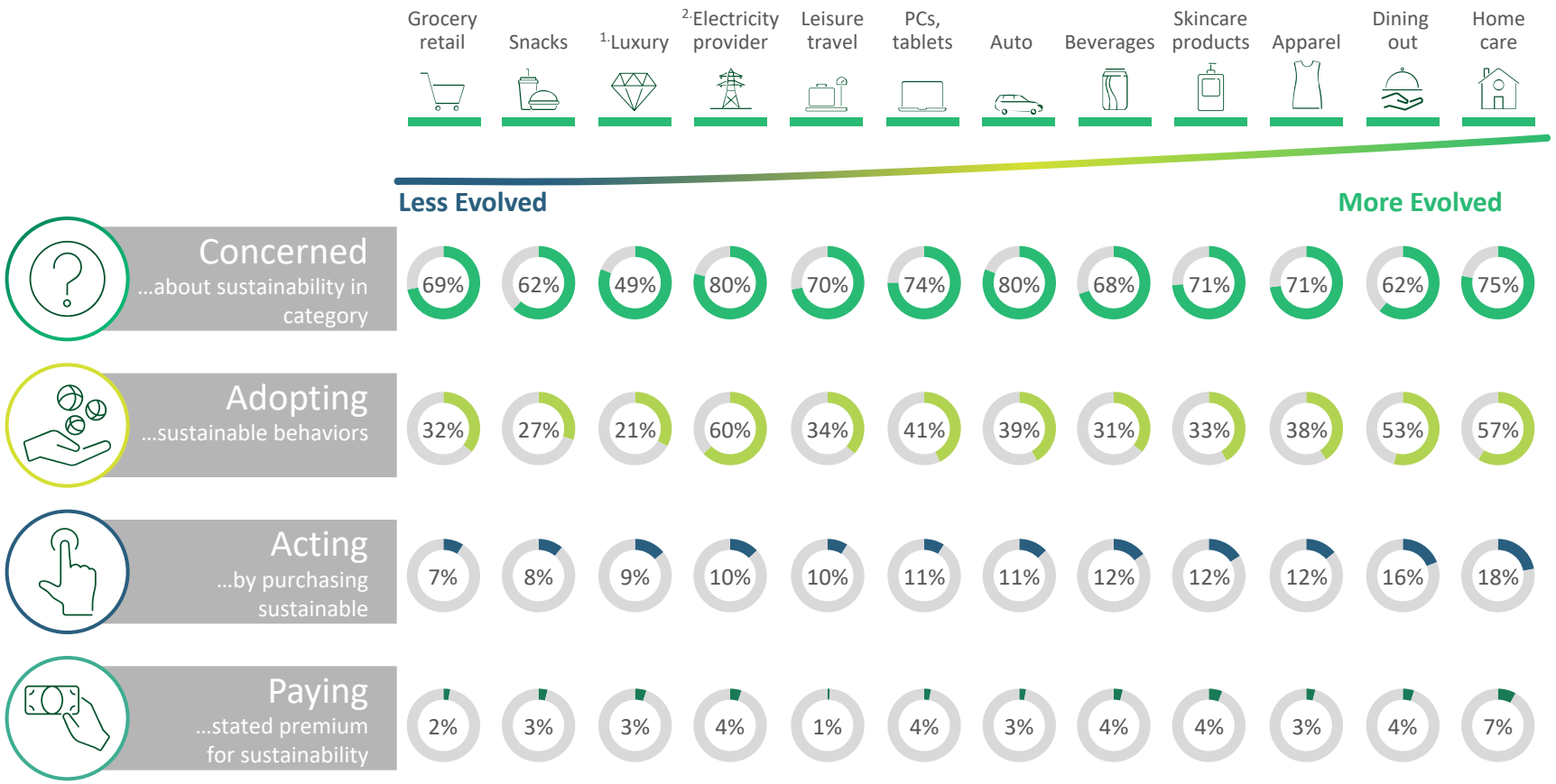
Industries are at different stages of maturity when it comes to sustainable action by customers—all have a “say-do” gap

Implication for marketers

Customers express concern for sustainability but most are not yet acting, creating an opportunity for marketers to help close this "say-do" gap

Percent of customers at various stages of “say” and “do”



1. Luxury excluded from Germany, India and Brazil. 2. India, China and Brazil excluded from electricity provider acting stage as not applicable. Questions evaluated the likelihood or degree of concern, adoption, action or payment across each category. Weighted market representative random sample only, n=11,836; countries include USA, Japan, Germany, France, Italy, China, India and Brazil. Numbers represent simple averages of % of respondents per country

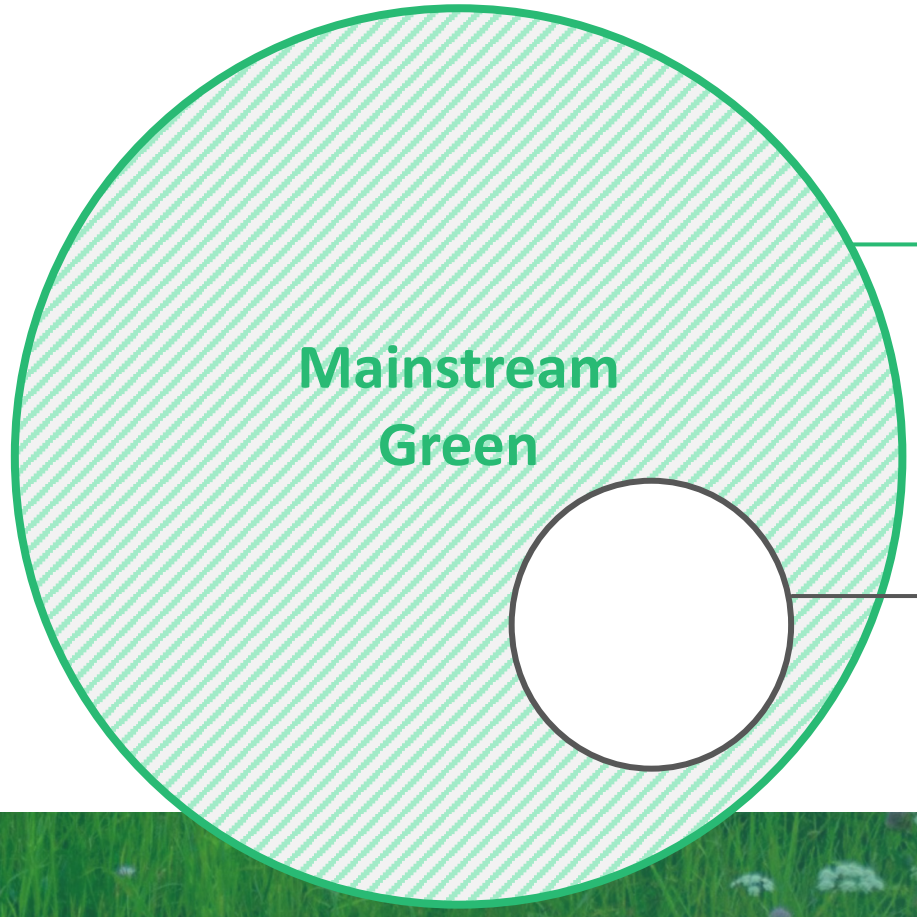
Source: BCG sustainability customer survey, June 2022

TO LEARN MORE, SEE BCG'S RESEARCH ON "CONSUMERS ARE THE KEY TO TAKING GREEN MAINSTREAM"

Achieving **Mainstream Green** is a key opportunity for marketers to help close the “say-do” gap

This is a guide focused on taking green beyond niche, beyond luxury, and beyond a statement. To the mainstream. We call it **Mainstream Green**

Mainstream Green is about driving sustainable choices by marketing to *all* consumers, not just those who are moved by sustainable claims



Where we focus:

Drive **sustainable choices**

Marketing such that collective customer behavior leads to sustainable outcomes

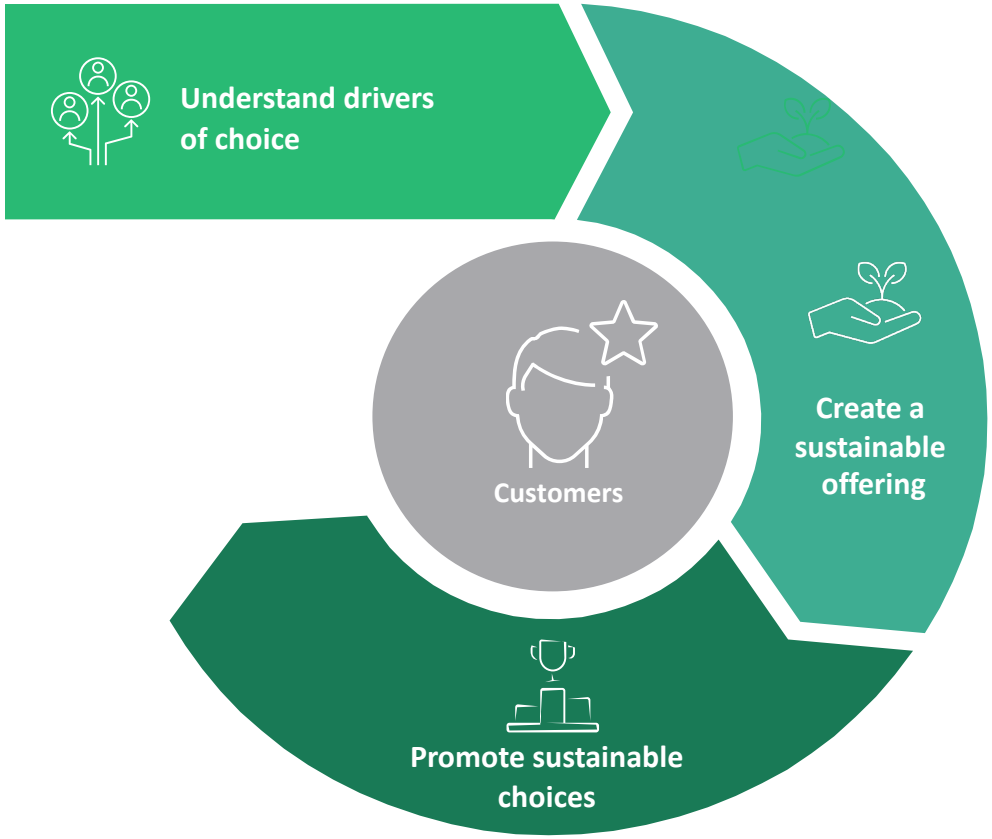
Most guidelines focus here:

Make **sustainable claims**

Marketing using a sustainability benefit as the primary message

The Mainstream Green approach

- Understand customer needs that drive sustainable choices
- Create a sustainable offering with customer-centric innovation
- Change behavior and promote sustainable choices



Marketers can inspire more customers to make sustainable choices by putting them at the center of the growth strategy

Three steps help make environmental sustainability a growth strategy with mainstream appeal

Understand drivers of choice

Identify the needs that drive choice and barriers that hinder sustainable choices

Create a sustainable offering

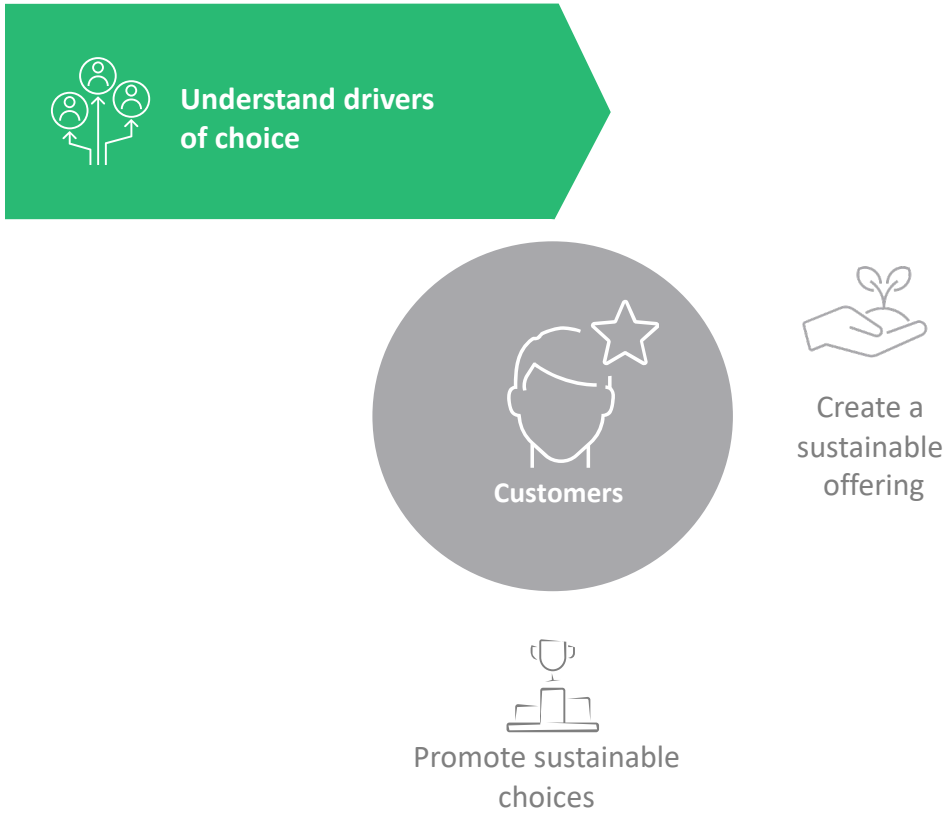
Shape the products and services that drive sustainable choices and remove *real* barriers to adoption

Promote sustainable choices

Remove *perceived* barriers by marketing products so that collective customer behavior leads to sustainable outcomes

Note: organizations with a sustainable offering that meets customers' needs and addresses real barriers may not need to pursue additional innovation

Mainstream Green starts with understanding customers' drivers of choice



Section Key Takeaways

1. Identifying customer needs and barriers/enablers is a critical first step that helps marketers know where to focus on **Mainstream Green**

2. Linking sustainability to broader related needs can grow customers 2 – 4x where sustainability is related to, but not a primary driver of, choice

3. Making sustainability a "bonus benefit" significantly expands the sustainable customer base to those for whom sustainability is not a driver of choice at all

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Several key questions can help pinpoint where needs and barriers meet sustainable choice

What are our customers' needs and barriers?

- What are key customer needs?
- What types of barriers and enablers impact sustainable choice?
- What is the role of sustainability in our market and category?

How can we best drive sustainable choices?

- Where are the greatest opportunities for our company?
- How can our portfolio drive sustainable demand for green and non-green segments?

What will it take to drive action?

- What collaboration is necessary to remove customer barriers?
- What is the role of innovation versus customer engagement?

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Steps to identify where customer needs and barriers overlap with sustainability

Understand Customer starting point	**Align** Priorities	**Drive** To action
Key Action Steps		
How do our customers' needs relate to sustainability? • How do sustainability benefits drive choices? • How do sustainability-associated benefits (or trade-offs) drive choice? Which barriers prevent sustainable choices? • Are the barriers *real*, i.e., pertaining to access/use? • Are the barriers *perceived*, i.e., pertaining to feelings that a trade-off is required? What does this tell us about strategic choices and opportunity sizes?	How should we define and prioritize opportunities considering: • Customer needs • Environmental impact • Our company and starting point • Opportunity size What trade-offs do we need to make? How do our opportunities align across our portfolio strategy?	How might we adapt our product portfolio to overcome *real* barriers? Do we need to develop, optimize, or both? • **Step 2, Create a sustainable offering** What tactics can we use to overcome *perceived* barriers? • **Step 3, Promote sustainable choices** How do we leverage relationships up and down the value chain to drive action?
Key Output		
A clear understanding of drivers of choice	Direction for sustainable growth	Cross-functional actions

Source: BCG experience

SUCCESS STORY: INCAPTO

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A refined understanding of whether each barrier is real or perceived determines the most effective way to drive sustainable choice

Nature of barriers

Is the barrier *real*?

"It's hard to take a cross-country road trip in an electric vehicle"

Service, product, or infrastructure shortcomings that make the purchase or use of sustainable products prohibitive

Is the barrier *perceived*?

"Washing dishes by hand makes them cleaner and is better for the environment than using the dishwasher"

A customer's feelings that sustainability requires a trade-off with important product or service attributes

Next steps

Innovation solutions can take several forms

- Products and services
- Business models
- Technologies

Customer engagement toolkit creates leverage

- Marketing
- Sales
- Pricing
- Customer experience

Source: BCG experience

SUCCESS STORY: TIDE

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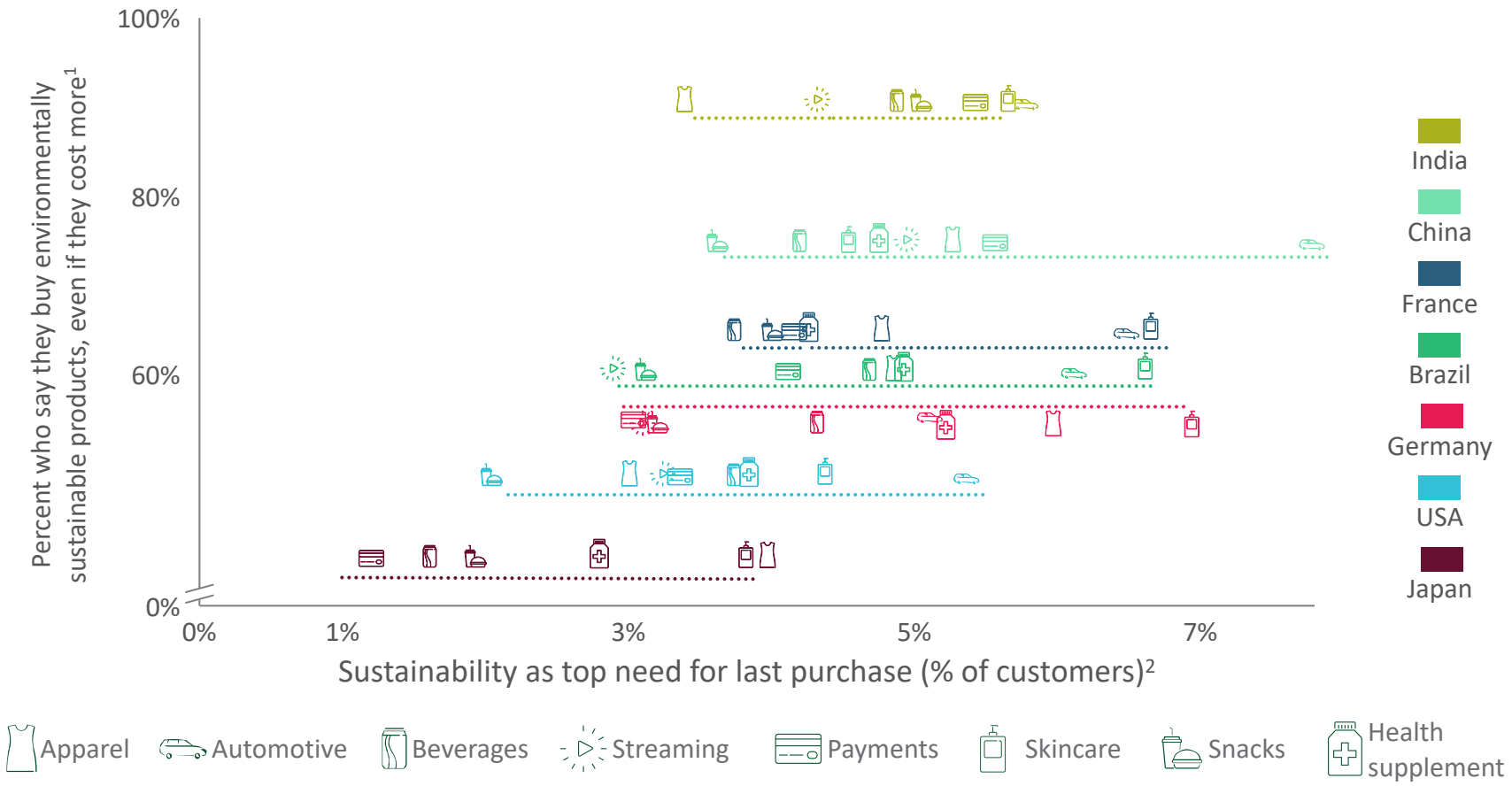
Sustainability drives choice in different ways across markets and categories

Data Insight

Most customers are conscious of sustainability; however, only ~3–6% had sustainability as the #1 "driver of choice" on their last purchase

Drivers of choice by market and category



1. Question text: Respondents who agree with statement "I buy products environmentally friendly, even if they cost more" (top 3 box)
2. Question text: Respondents who chose "a choice which is environmentally and socially responsible" as top need on last purchase via MaxDiff prioritization. N = 312–741 by country and category, 2,826+ by country, 2,387+ by category.

Source: BCG CCI research global drivers of customer choice, September 2020

TO LEARN MORE, SEE BCG'S RESEARCH ON "DEMYSTIFYING GLOBAL CONSUMER CHOICE"

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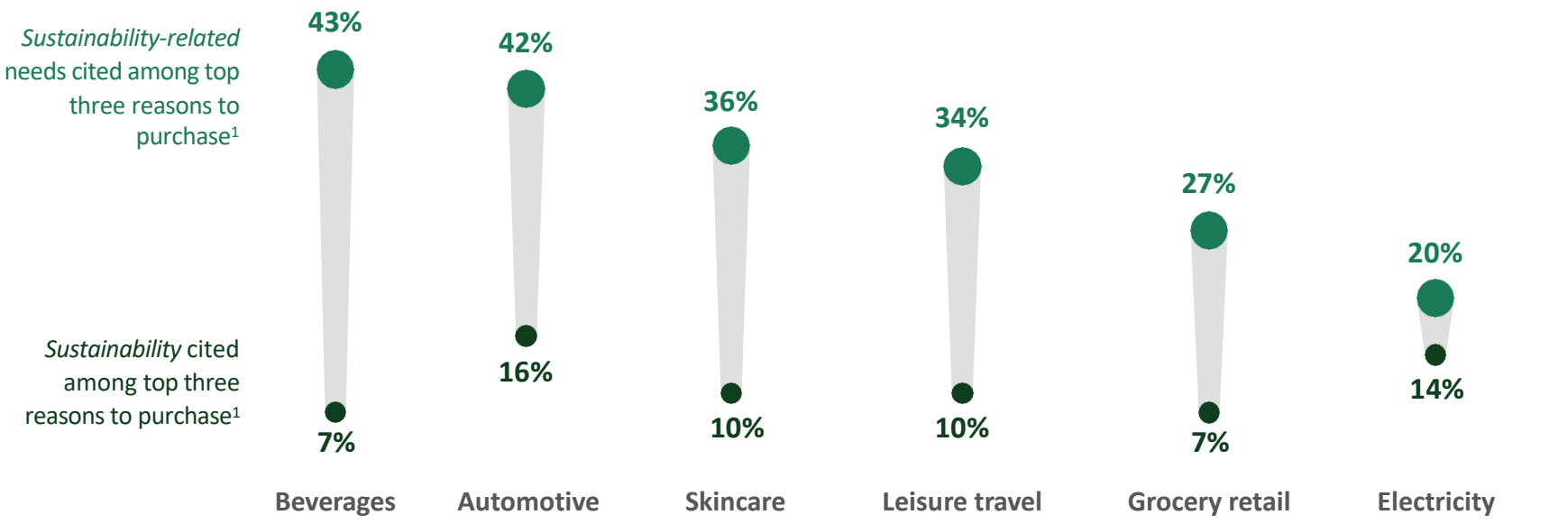
Communicating a broader set of benefits for sustainable products could double or quadruple the number of customers who act

Implications for marketers

Drive sustainable choices by appealing to needs associated with sustainability (and not sustainability alone)

Percentage of customers with sustainability-related drivers of choice



Needs that consumers associate with sustainable options in each category					
Healthy High quality Guilt-free Socially responsible	Safe High quality Socially responsible	Safe to use Healthy Socially responsible	Safe Clean and Hygienic Socially responsible	High quality products Lots of sustainable products Socially responsible	High quality, reliable Socially responsible

Question text: What were your top 3 reasons for purchasing this particular product or service?
Note: n =19,024, including booster sample; results from US, Japan, Germany, France, Italy, China, India, and Brazil. Global category numbers in this chart represent simple averages of category scores across surveyed countries.
Source: BCG climate and sustainability consumer survey, June 2022

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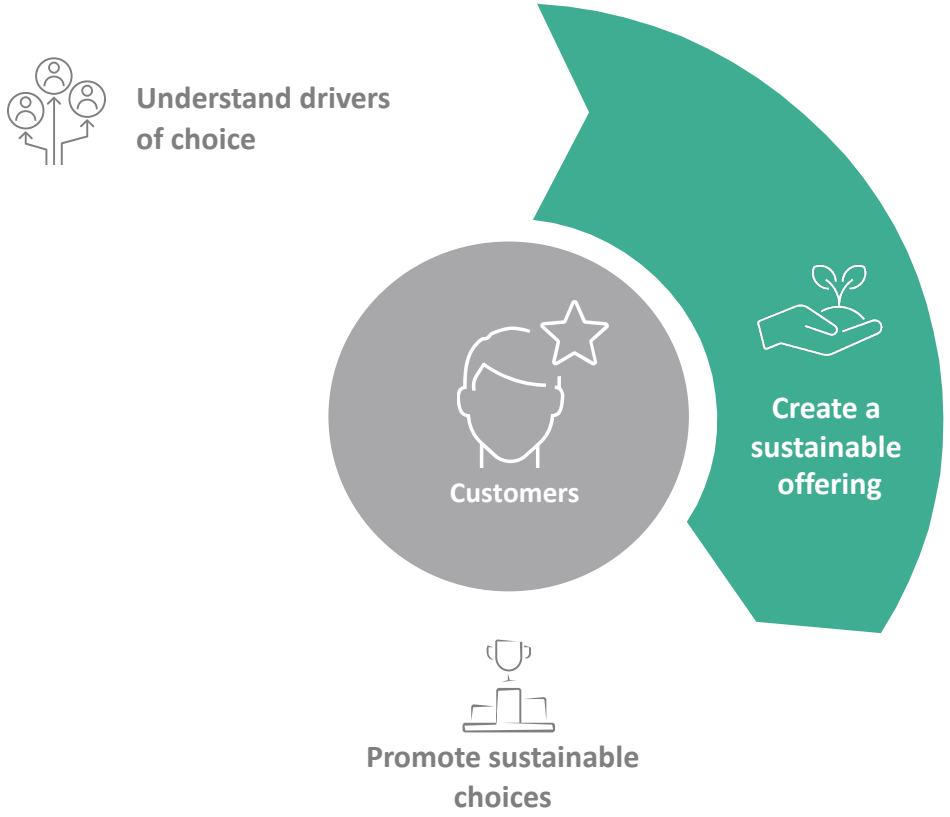
Customer-centric innovation can help overcome real barriers to **Mainstream Green**



Section Key Takeaways

1. Marketers can help prioritize the right approach to innovation by understanding which *real* customer barriers need to be removed

2. Innovation creates a win-win-win solution that makes sustainability an "and", not an "or"

3. Customer-centricity elevates sustainability innovation for collaboration across functions and produces better outcomes

→ TO LEARN MORE ABOUT GREEN INNOVATION, SEE BCG'S "MOST INNOVATIVE COMPANIES 2022"

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Understanding the real barriers that prevent access and usability guides which innovation approach will best enable sustainable choices

Does the product or service need to be modified?

- How can we innovate the core offer to remove barriers, improve sustainability, and drive usage?
- How do we reimagine product/service usage for a more sustainable value proposition?
- Is there an opportunity to create a whole new sustainable product/service?

Does the business model need to be changed?

- Is there opportunity for us to expand our business into adjacencies (e.g., up- or downstream) and drive sustainability?
- Where can we leverage partnerships to encourage more positive behaviors (e.g., resale)?

Does new technology need to be invented?

- How can we focus our R&D efforts to solve sustainability barriers?
- Is there a partner whose technology we can apply and amplify to make our product/service more sustainable?

SUCCESS STORY: DOLE

Choosing the right type of innovation combines design thinking, and lean and agile methodologies into four phases; marketing contributes the customer-centric lens

Sense	Spark	Sprint	Scale
Build knowledge	Generate ideas	Run experiments	Activate in-market

Questions to guide sustainability innovation

For each step, the company should consider: Do we build it in-house, partner with another company, or acquire the capability/solution?

Sense

- What are the material sustainability topics for your geography, industry, etc.?
- ➢ **Step 1, Understand drivers of choice**

Spark

- Which stakeholders should participate in ideation workshops to generate a diverse set of ideas to overcome barriers?
- Do our prioritized ideas account for the following?
  - Sustainability objectives
  - Brand strategy/purpose
  - Current product and service portfolio
  - Target segments

Sprint

- How can we quickly build a minimum viable product (MVP) to test, learn, and iterate on how to overcome sustainability barriers?
- How can we create room to experiment, innovate, and drive behavior change (e.g., product trial, switching, usage)?

Scale

- Will launching the new sustainability features, products, or experiences generate value, relevance, and trust?
- Are we prepared to scale the innovation (e.g., are our value chain partners bought in)?
- ➢ **Step 3, Promote sustainable choices**

Marketing role

Sense

- Identify sustainability topics that dovetail with customer drivers of choice

Spark

- Weigh in on what changes will move the needle with customers, elevating sustainability innovation out of a singular functional silo

Sprint

- Run in-market testing (in-store, in-field, online)
- Enable full breadth of innovation possibilities, from small changes to big transformations

Scale

- Build go-to-market plan, including measurement strategy to track success throughout product lifecycle

Source: BCG experience

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Understanding the nature of barriers to sustainable choice helps identify the most effective solutions to address them

Data Insight

- The automotive industry faces convenience barriers that require innovation
- Skincare and beverage categories have the highest trust barriers

Percentage of customers who agreed that barriers in each category prevented them from making sustainable purchases

Frequent purchase → Less frequent

Barrier	Grocery retail	Beverages	Skincare	Electricity	Leisure travel	Automotive
Convenience – difficulty using/buying	25%	18%	13%	37%	52%	73%
Quality – bad product quality	19%	26%	37%	28%	36%	52%
Pricing – unaffordable	52%	37%	37%	55%	31%	65%
Availability – inaccessible/unavailable	49%	43%	37%	18%	30%	15%
Awareness – don't know product exists	47%	50%	48%	45%	42%	27%
Trust – don't trust green claims	27%	31%	31%	10%	30%	15%
Social/Psychological – reluctance to change	35%	45%	42%	35%	47%	25%
Sustainability not top of mind	30%	25%	21%	14%	22%	10%

Likely requires innovation | May require either or both | Likely requires customer engagement

Question text: What would you say is holding you back (if anything) from purchasing more sustainable products/services within each category? Percentage of category buyers/users who select any of rank 1 to 5 for barriers. Simple averages of % of detailed barrier list taken to arrive at theme level %. Simple average of % of each barrier from countries taken to arrive at category level average percentages. Electricity not included for India as no options available for selection

Note: Weighted market representative sample, n=19,024; countries include USA, Japan, Germany, France, Italy, China, India and Brazil

Source: BCG climate and sustainability consumer survey, June 2022

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Innovating to remove convenience and quality barriers would help unlock leisure-travel customers on a global scale

Implication for marketers

Marketers can help their companies prioritize innovation options to address top barriers to sustainability

Percentage of customers who ranked barrier as one of the top 5 barriers holding them back from sustainable leisure travel

Leisure travel								
Pricing	36%	35%	23%	29%	34%	27%	29%	38%
Convenience	45%	50%	62%	55%	51%	43%	57%	52%
Quality	33%	32%	32%	17%	33%	53%	62%	25%

Blue and red indicates top barrier for country, across all real and perceived barrier types

Convenience barriers

- Customers believe sustainable travel takes too long and is too complex compared to less sustainable options
- Opportunity for marketers to minimize travel time and transfers to better meet customer needs (e.g., airlines partnering with rail to reduce short-haul flights)

Quality barriers

- Within the quality barriers, Brazilian and Chinese customers over-index on comfort, reliability and safety barriers
- Marketers should do further research to uncover cost-effective comfort and safety improvements to resolve these tensions

Question text: What would you say is holding you back (if anything) from purchasing more sustainable products/services? For each category, % of respondents who rank 1 to 5 for barrier statement. Calculated among category users/buyers.
Note: Weighted market representative sample, n=19,024; countries include USA, Japan, Germany, France, Italy, China, India and Brazil.
Source: BCG climate and sustainability consumer survey, June 2022.

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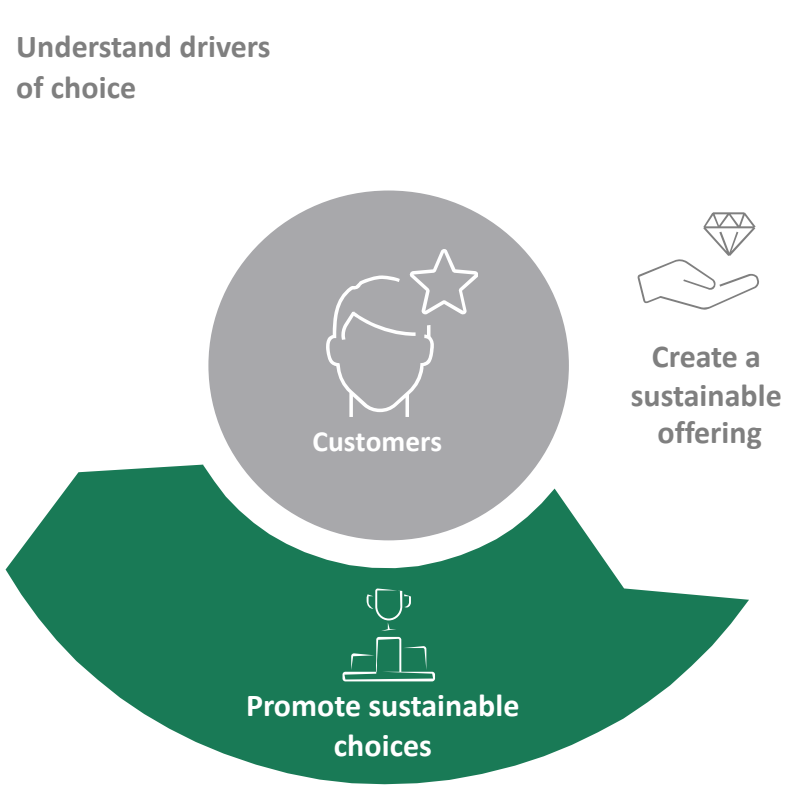
Removing perceived barriers through engaging marketing is the final step to catalyze Mainstream Green



Section Key Takeaways

1. Marketers have powerful tools and techniques to convert customers and accelerate the shift to sustainable choices

2. For early sustainability adopters, remove friction to purchase, strengthen customer connections, and amplify advocates authentically

3. For sustainability laggards, disrupt existing habits and inspire and empower customers toward greener options

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Marketers can help their organizations understand where customers are along the sustainability adoption curve and adapt how they engage

Who are the existing sustainability (early) adopters?

- Who are the sustainability adopters within our existing customers or among those we are trying to acquire (and for what occasions)?
- How can we make the purchase of our sustainable product or service as easy as possible, particularly for repeat purchases?
- How can we turn them into loyal advocates for our product/service?

Who are the sustainability laggards?

- What are their existing sustainable perceptions and habits?
- How can we best disrupt to build awareness and remove perceived barriers to sustainable choices (e.g., lower quality)?
- How can we nudge consumer behavior toward sustainability adoption with marketing, sales, and pricing?

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Marketers can deploy tools according to where customers are on the sustainability adoption curve and desired outcomes

Illustrative examples of how sustainability tools can apply across existing customer engagement toolkit

Business goals	**Acquire customer**			**Cross-sell, up-sell**		**Retain**
Customer journey	Inspire	Inform	Convert	Purchase/sign-up	Re-engage	Advocate

Precision marketing
Precision targeting, leveraging first-party audience segments and data sharing (via data clean rooms) to create customized look-alike "green" audiences

Customer journey (including product/service usage)
Customized experience (e.g., by product, price, or sustainability segment)

Branding
Tailored creative (e.g., differentiating images or messaging based on sustainability behaviors), maximizing user-generated sustainability content (e.g., short-form video, etc.)

Media mix
- Strategies to optimize relevance across segments and targets
- Partnerships to optimize media planning, including data sharing for targeting or suppression and measurement of sustainability campaigns

Personalized offers[1]
- Personalized offers based on discount and/or sustainability purchase propensity
- Working with suppliers through the value chain to create incentives for greener purchases

Sales channel strategy and sales force enablement
- Activation of value chain partners (e.g., retailers, franchisees, etc.) and new sales and fulfillment models for green choices (e.g., social commerce, subscription)
- Sales forces enablement with sustainable offers (e.g., government subsidies), streamlined processes emphasizing sustainability and convenience (e.g., virtual sales)

Activation of sustainability advocates
Bottoms-up sustainability community- and/or ecosystem-building and amplification

Additional tools to consider: Sponsorships and partnerships, loyalty programs, nudges

Including discounts and promotions, "green premium", and price pack architecture strategies
Source: BCG experience

Additional detail on next page

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Three example tools and illustrative "test and learn" steps to overcome perceived barriers and enable sustainable purchases and behavior

Precision marketing

Tailoring sustainability messages and experiences, using technology at scale

- Provide the right message, through the right channel, at the right moment to prompt the desired sustainability behavior
- Demonstrate link between sustainable options and customer's personal needs and preferences
- Focus on sustainability habits by tapping into customer motivations, reinforcing existing sustainable routines, and building incremental sustainable routines

Perceived barriers addressed:
- Awareness
- Pricing
- Trust
- Social
- Lack of concern

Nudges

Designing choice architecture to alter sustainability behavior in predictable, easy, low-cost ways

- Highlight sustainable options throughout the purchasing journey and use prompts to encourage customers to adopt new behaviors
- Simplify sustainable choices by making them the default
- Educate customers on environmental costs, share data and insights that highlight the value of sustainable options
- Engage customers and communities in actions that reinforce their commitments—reflect socially acceptable group behaviors

Perceived barriers addressed:
- Awareness
- Trust
- Social
- Lack of concern

Sales channel strategy

Where or how a product/service is sold to make sustainable choices more accessible

- Consider new distribution models (e.g., subscription)
- Optimize last mile delivery (e.g., through utilizing electric vehicles, bundling, etc.)
- In B2B or B2B2C businesses, explore partnerships with business customers to promote sustainable options and jointly reach sustainability and business goals

Perceived barriers addressed:
- Awareness
- Availability
- Trust

Sources: Harvard University; BCG experience

→ FOR ADDITIONAL DETAILS ON THE POWER OF NUDGES SEE BCG'S "NUDGING CONSUMERS TOWARD SUSTAINABILITY"

For sustainability adopters, marketers can be even more effective if they address the environmental claims this customer group cares about most

Implication for marketers

Balancing the claims that customers care about with outcomes that are best for the environment ensures meaningful sustainability outcomes and reduces the risk of greenwashing

Preferred claims	Beverages	Skincare	Grocery retail	Leisure travel	Electricity	Automotive
	"Free from" bad ingredients Free from pesticides Antibiotic-free/hormone-free	**"Free from" bad ingredients** 100%/90% natural Free from chemicals	**Packaging** Minimal/no plastic in store Non-plastic bags	**Climate/nature** Invests in R&D for greener travel Efficient route to save fuel	**Climate/nature** 100% sustainable sources Protects forests and biodiversity	**Climate/nature** Zero emission Lower CO_2 emission Lower particle-emission technology
	Packaging Recyclable Made from recycled materials	**Packaging** Recyclable Made from recycled materials	**Origin** Sources from eco-friendly suppliers Sells local products	**Packaging** Recyclable/reduced packaging on board	**Origin** Electricity produced locally	**Origin** Assembled in your country
	Climate/nature Low carbon Organic Carbon offsets	**Climate/nature** Protects forests & biodiversity Non-harmful waste	**Climate/nature** Minimizes food waste Protects forests and biodiversity	**"Free from" bad ingredients** Offers products free from pesticides Organic products		
	Origin Locally made Locally sourced ingredients	**Origin** Locally made Locally sourced ingredients	**"Free from" bad ingredients** Offers products free from pesticides Organic products			

Question text: Which of the below claims are most and least important to you when making purchasing decisions for [each category's] product/service? N>200 for each category
Note: All claims pertain to environmental sustainability. Electricity not tested in China, Japan, India, Brazil.
Source: BCG sustainability customer survey, June 2022

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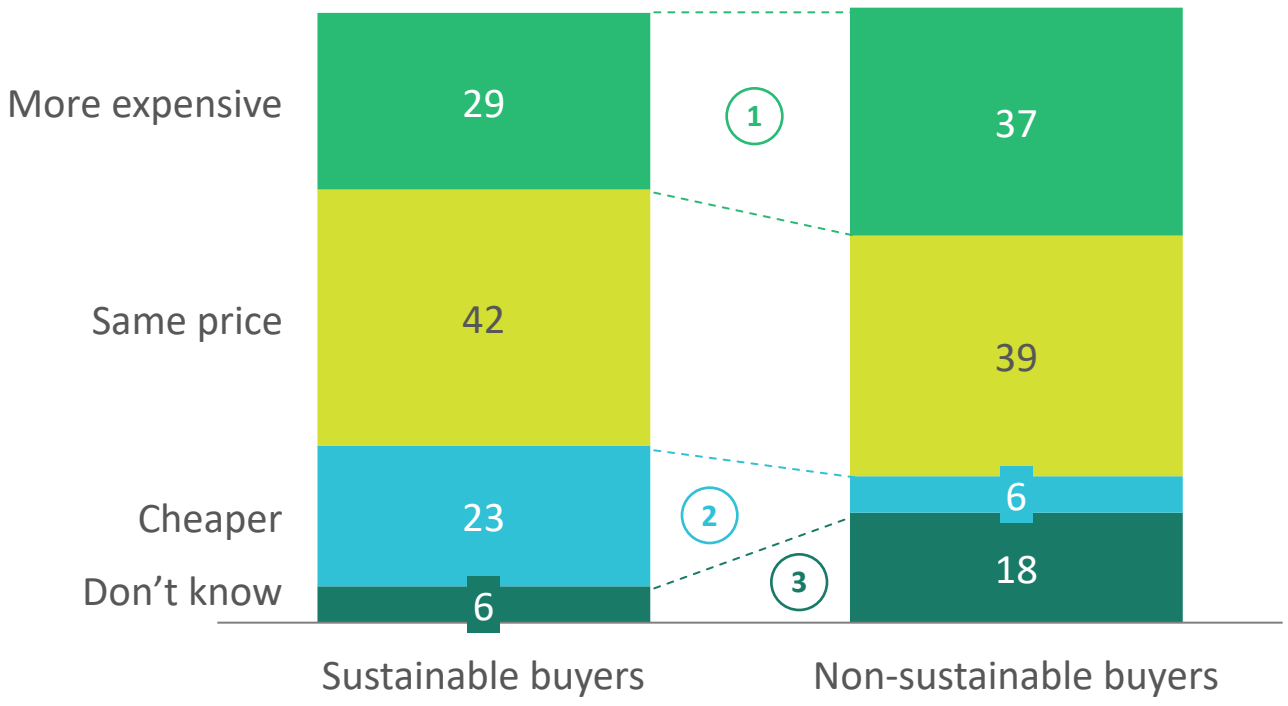
Marketing can help change the perception that sustainable products are more expensive, removing a barrier for laggards

Data Insight

1. Non-sustainable buyers are more likely to believe that sustainable options are more expensive
2. In contrast, nearly 1 in 4 sustainable buyers assert that sustainable products are cheaper
3. A “price-awareness gap” exists among non-sustainable buyers, with ~20% unsure of the price comparison between sustainable and non-sustainable options



Question text: You said you thought the product you purchased was in some way sustainable or eco-friendly: How much more do you think it would it cost, compared to what you paid? How much cheaper than the price you paid, would you say? Please provide your best guess/estimate as a percentage of what you paid

Source: BCG sustainability customer survey, June 2022

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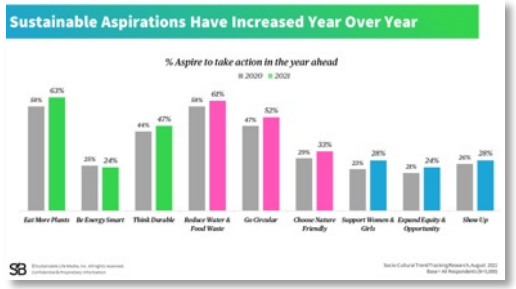
For laggards, marketers can help drive new behaviors that close the gap between intent and action

Implication for marketers

Many tools exist to help marketers close the "say-do" gap including articles and tools from Sustainable Brands



Understand the “intent-action” gap at a general population and brand-specific level with benchmarks via the Socio Cultural Trend Tracker, an annual research study, with ongoing pulses, designed to assess consumer attitudes to and around sustainability

Through this research, Sustainable Brands created a short list of the Nine Sustainable Behaviors that people and brands can take together to create positive change…

… and created the Ad Sustainability Awareness Platform (ASAP) that enables marketers to measure their creative assets’ effectiveness to drive action against these behaviors

Reach out to learn more about the Sustainable Brands toolkit

Source: Sustainable Brands

→ TO LEARN MORE ABOUT TOOLS TO HELP MARKETERS CLOSE THE "SAY-DO" GAP VISIT SB BRANDS FOR GOOD

Apply the action plan for Mainstream Green

Understand drivers of choice

- Understand customer needs
- Analyze role of sustainability for each need (i.e., reason to believe versus trade-off)
- Identify *real* and *perceived* barriers and corresponding enablers of sustainability adoption
- Measure risks of inaction and opportunities to drive growth for the business

Create a sustainable offering

- Hold multi-stakeholder ideation workshops to generate a diverse set of ideas
- Prioritize ideas, considering:
  - Sustainability and growth objectives
  - Brand strategy and purpose
  - Current product and service portfolio
  - Target segments
- Build minimum viable products (MVPs) to collect customer feedback and provide continuous customer input
- Launch new sustainability features, products, or experiences and prepare to scale the innovation

Promote sustainable choices

- Consider full customer engagement toolkit and select approach(es) to address perceived barriers
- Tailor deployment to different customer archetypes (e.g., market, sustainability maturity, types of perceived barriers, step in the customer journey, etc.)
- Test and gather feedback on tool effectiveness, adjusting as necessary

Continuously measure impact, iterate, and improve

Source: BCG experience

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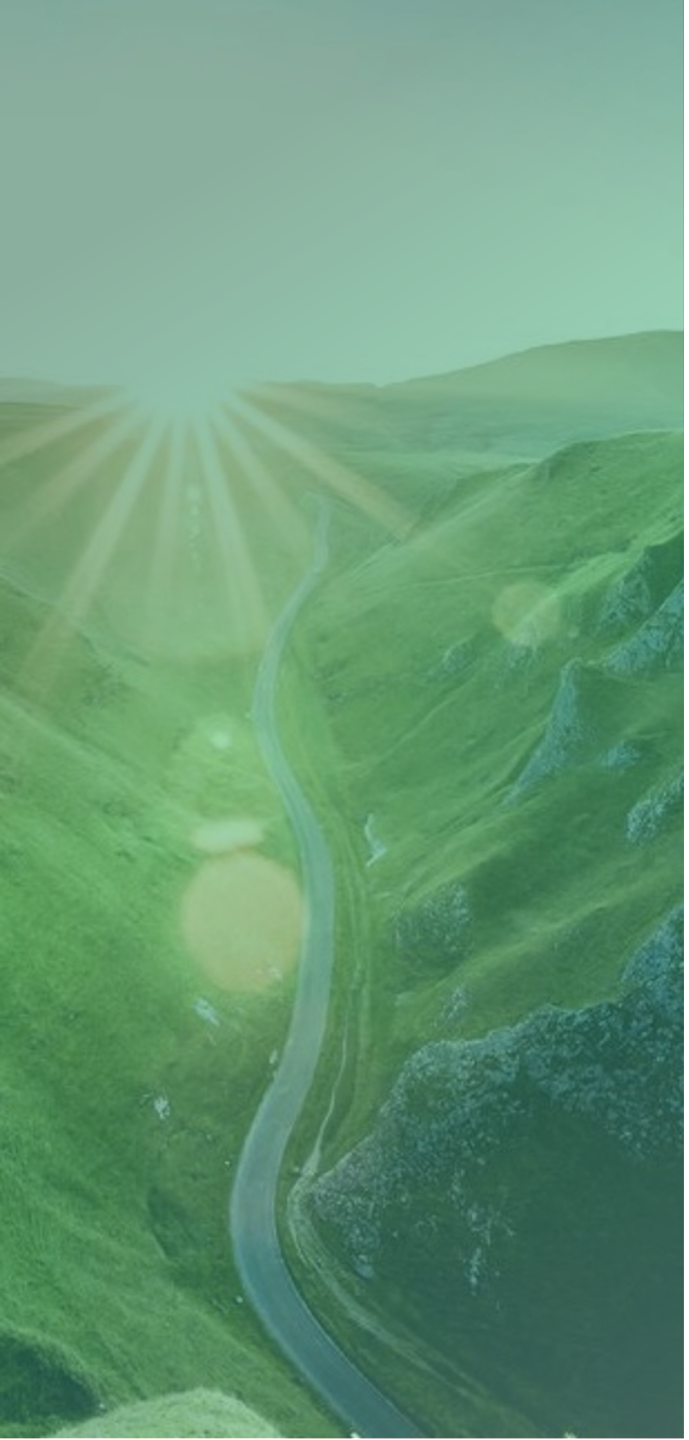

Examples of how companies are starting to drive **Mainstream Green**

- For additional resources or to submit your own case study, contact the Association of National Advertisers

Case study | Tide innovates and educates customers on why it is better to wash in cold water

Background

- Tide is an American laundry detergent brand and one of the best-selling detergent brands in the world

Insight and actions

Customers desired a detergent that ensured clean clothing and hesitated to wash in cold due to:
- The perception that cleaning in warm water was more effective
- A lack of awareness of the environmental and financial benefits

Recognizing that 90% of energy usage came from heating water to wash, Tide innovated to increase product effectiveness in cold water

Tide promoted cold-washing as a sustainable choice, collaborating with sponsors and influencers to overcome lingering customer skepticism. They:
- Emphasized cost savings and increased clothing lifespan
- Convinced 15 NFL teams to #TurnToCold to overcome the perception of lower efficacy
- Published the environmental benefits of washing in cold to nudge customers towards sustainability

Results

- 39% increase in sales of Tide Hygienic Clean
- 2 billion earned media impressions
- 1.3 billion new loads washed in cold
- 1 billion kg CO_2 saved

Source: P&G; Tide website; GreenBiz

Case study | Dole Sunshine Company partners and invests in new technology, turning pineapple leaves into leather and reducing food waste

Background

- Dole Sunshine Company (DSC) is one of the largest producers of fruit and vegetables in the world with revenues close to $2B

Insight and actions

- Customers desired inexpensive, good-looking, comfortable, planet-friendly and sustainable leather alternatives
- DSC, seeking ways to reduce their food waste and emissions, partnered with Ananas Anam, a leather alternative pioneer, to overcome the lack of sustainable, non-petroleum-based options:
  - DSC monetized a waste stream and capitalized on increased demand for Piñatex, a brand owned by Ananas Anam that creates alternative leather from DSC's pineapple waste
  - DSC has invested both funds and resources to build an ecosystem that encourages growers to participate in fiber production
- Ananas Anam's brand Piñatex has expanded, partnering with over 200 brands to increase customer access

Results

- Growth rate on track to become 10% of DSC ingredient business by 2025
- Waste reduction in line with Dole Promise of zero fruit loss by 2025
- Cut emissions by reducing the amount of pineapple leaves left to decompose and produce methane

Source: Dole Sunshine Company

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Case study | Incapto drives sustainable behavior change through better coffee experiences

Background

- Incapto is a Spanish coffee company founded in 2019 and the fastest growing coffee brand serving customers across Southern Europe

Insight and actions

- Two key drivers of the coffee experience, convenience and taste, contributed to 60B capsules produced annually. However, customers lacked awareness that:
  - The capsule compression process reduces taste
  - 80% of these capsules end up in landfills
  - One person can consume up to 40,000 capsules in their lifetime
- Incapto drove sustainable behavior change by ensuring people continued to enjoy taste and convenience. They:
  - Created a machine that mixed coffee and other ingredients easily, eliminating the need for capsules/compression while improving taste
  - Motivated and educated consumers through a subscription service measuring individual impact of removing pollution

Results

- 2x revenue growth on a monthly basis since 2021
- Removed 4 million coffee capsules across Spain, Portugal and France
- Reduced 80% CO_2 emissions and removed 30% pack waste via HP digital print

Source: Incapto company website; Incapto 2022 case study; HP Graphic Arts LCA Study

Case study | Google Cloud empowers customers to choose sustainable cloud computing

Background

- Google Cloud is a cloud computing offering from Alphabet, Inc.

Insight and actions

- Customers desired more cost-efficient and sustainable IT infrastructure and computing to support meeting their own cost and carbon emissions commitments
- Google innovated to meet those needs:
  - Built 2x more energy-efficient owned and operated data centers versus the average
  - Created tools (Carbon Sense suite) to enable reliable tracking, visualization, and insights on any cloud project's carbon emissions
- Google nudged sustainable choices by surfacing information on data center regions with lowest carbon impact
  - Users were 19% more likely to select lower carbon regions after seeing indicators within platform

Results

- Contributes to 47.5% CAGR in cloud revenue from 2017 to 2021
- Computing costs, energy use, and carbon emissions reduced by 65 - 90% when customers switched
- 100% renewable energy for all cloud regions

Source: Google

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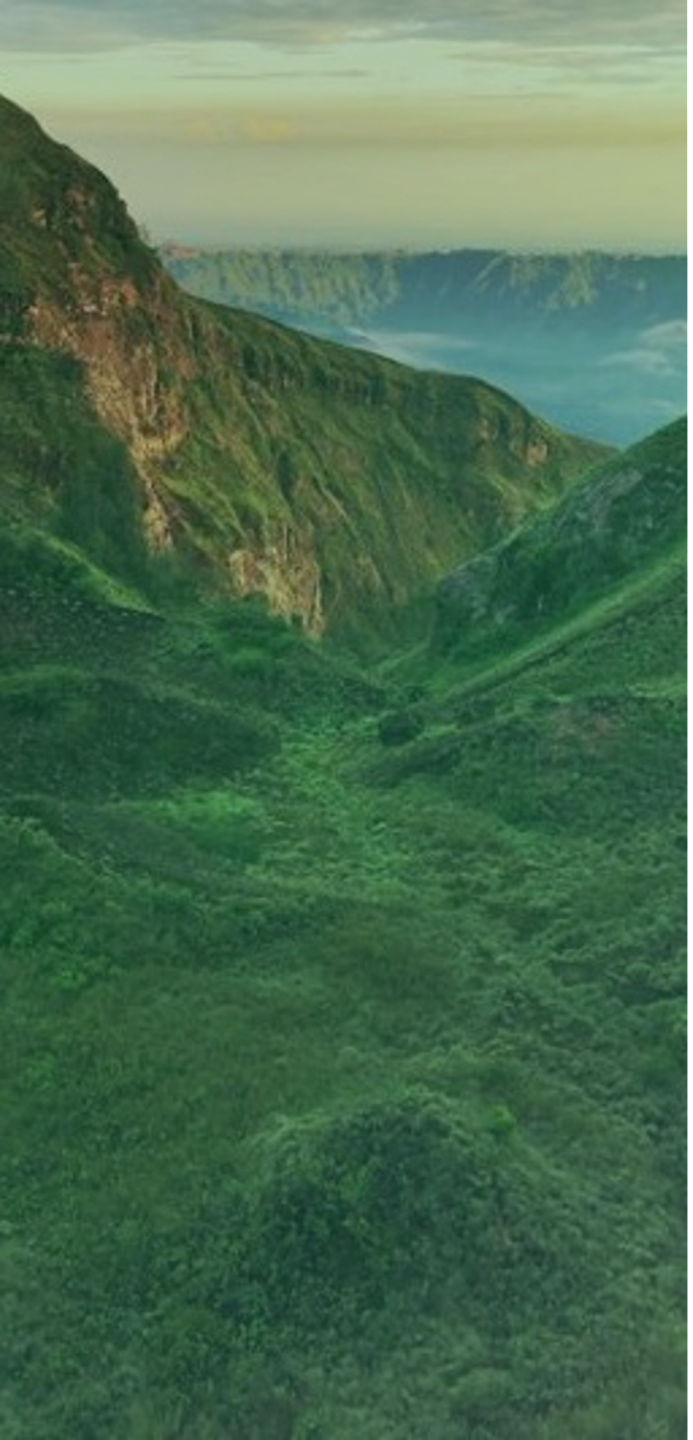

Get the fundamentals right

- Environmental, Social, and Governance strategy
- Responsible marketing practices

Mainstream Green is at the core of a broader set of actions marketers can support to drive environmental sustainability

Additional actions marketers can take include

- Supporting the creation of a holistic ESG strategy
- Ensuring responsible marketing practices, including ethical marketing and sustainable operations

Focus of this chapter

Environmental, Social, and Governance (ESG) strategy

- Connects organizational values to operations
- Has broad-reaching, multidisciplinary impact
- Puts environmental sustainability and the role for marketers in context

Responsible marketing practices

- Ensures clear, ethical communication of sustainability benefits
- Promotes sustainable operating best practices
- Recognizes company impact via partners and creates accountability

Focus of previous chapter

Mainstream Green

- Promotes positive, collective customer behavior and leads to sustainable outcomes
- Improves achievement of enterprise sustainability goals

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The journey to **Mainstream Green** requires an ESG strategy

- Sustainability is one part of a broader ESG strategy
- Tools, such as Sustainable Brands' Brand Transformation Roadmap℠, exist to support companies navigating from business-as-usual to sustainable brand

SUSTAINABLE BRANDS

TO LEARN MORE ABOUT THE BRAND TRANSFORMATION ROADMAP VISIT SUSTAINABLE BRANDS

Steps companies can take to move towards a holistic ESG strategy

Map the journey

Diagnose where the business is today, pinpointing measurable solutions and next steps

Rally around purpose

Engage, inform, and unite different parts of your company around a common purpose

Build company infrastructure

Enable effective goal-setting, planning, capacity-building, and cross-functional collaboration

Communicate effectively

Use language that is accessible not only to sustainability executives but also to the rest of your company

Grow external relationships

Strengthen stakeholder engagement and provide context-specific recommendations for resources and partners

Source: Sustainable Brands

Responsible corporate and supplier practices can offset mistrust around sustainability marketing

Customers don't believe companies are genuinely committed to sustainability …

69%

of customers agree that "Most companies are not committed to sustainability—they communicate only to improve image or sell"[1]

…and have trouble naming companies who help them address the issue

67%

of customers say that "none come to mind" when asked which companies are going above and beyond to help them address environmental challenges[2]

Meanwhile, climate issues see increasing attention from press

2x

more press coverage between 2019 and 2021[3]

1. Question text: How much do you agree or disagree with the following statements regarding sustainability? N=19,024; Countries USA, France, Germany, Italy, China, India, Brazil, Japan 2. 67% of customers say that "none come to mind": Sustainable Brands Socio-Cultural Trend Tracking Q4 Pulse, December 2020. N=1000 3. Media coverage: BCG Center for Growth and Innovation Analytics – analysis of ~2.9K news and media articles related to ESG efforts retail companies (published between 2019 and 2021) were analyzed/clustered using natural language processing.
Source: BCG sustainability customer survey, June 2022

A wide variety of environmental sustainability marketing guidance already exist; this section summarizes key use cases

Global

ICC Framework for Responsible Environmental Marketing Communications, 2021

Guidelines for Providing Product Sustainability Information, 2017

Global Guidance on Environmental Claims, 2022

Environmental Claims: Findings and Conclusions of the OECD Committee on Consumer Policy, 2011

Net Zero Marketing, 2022

UK Advertising's Response to the Climate Emergency, 2020

United Kingdom

CMA Guidance on Environmental Claims on Goods and Services, 2021

The Environment: Misleading Claims and Social Responsibility in Advertising, 2022

United States

Green Guides, 2012

Greenwashing and Advertising, 2021

Many country-specific guidelines and regional publications are also available (e.g., Union des marques: Le programme FAIRe)

Note: Article titles hyperlink to source material

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Ethical sustainability marketing principles are thematically consistent across existing materials and are a useful tool to evaluate messaging

Understand local laws and regulations regarding marketing communications

Criteria	Ethical sustainability marketing principle	Checklist[1] to evaluate sustainability message
Ambitious target?	• Consider full lifecycle of product or service, or specify which part it applies to if not to full lifecycle • Be forthcoming with information, especially with limitations	• Does the claim involve a goal that can be met in a reasonable time frame? • Is the element of sustainability that the claim addresses clear? E.g., air, water, waste, carbon, etc.
Authentic and meaningful?	• Be truthful and accurate, clear and specific • Be useful to the customer	• Are the sustainability benefits expressed through words or implied with visuals, e.g., greenery, leaves, mountains, etc.? Could customers be misled? • Is the claim relevant to the intended audience? • Does the claim relate to the company's purpose and identity?
Fit to core?	• Be material: talk about major improvements, in areas that matter • Make fair and meaningful comparisons	• Does the claim have a net positive impact or contribute to other issues? E.g., recyclable packaging might require high water use for net negative impact • If the claim is relative, is the comparison clearly communicated? E.g., current product versus earlier version, component or package • Does the claim indicate if it may apply to the product, packaging, or both?
Feasible?	• Have robust evidence and substantiation	• Do the claims meet regulatory or legal requirements? • Are the proposed claims verifiable? • Does the customer need to access special/external facilities , e.g., recycling infrastructure, home composting, etc., for the claim to be achieved?

See following pages for more details and nuances that may apply to your company's specific situation

1. Checklist based on ICC Framework for Responsible Environmental Marketing Communications, 2021

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Backup | Reference list of existing materials and related publications (I/II)

Ethical sustainability marketing

Select publication according to relevant (trade) organizations and/or geography

Publication title	Author organization	Applicable users	Publish date	Short content recap
Global Guidance on Environmental Claims	World Federation of Advertisers (WFA)	Global marketers	2022	Six key principles for trustworthy environmental claims and examples of global best practices
ICC Framework for Responsible Environmental Marketing Communications	Global Chamber of Commerce (ICC)	Global marketers and agencies	2021	Summary of the ICC Code principles and commentary/ guidance for applying them to environmental advertising
Guidelines for Providing Product Sustainability Information	United Nations Environment Programme	Global marketers and agencies	2017	Claims guidance for product-related sustainability information, through minimum requirements and increased ambition over time
The environment: misleading claims and social responsibility in advertising	Committee of Advertising Practice (CAP)	UK agencies	2022	Guide on how to interpret the UK CAP and BCAP rules concerning environment-related advertising issues
Programme FAIRe	Union des marques	France marketers	2018	Commitment program for companies, with 15 mandatory responsible communications principles
Green Marketing Guide for Western Pennsylvania Small Businesses	Duquesne University	US marketers (esp. small business)	2014	Overview of green marketing, laying out opportunities, watch outs, and questions marketers should consider

Sustainable marketing practices

Guideline title	Author organization	Applicable users	Publish date	Short content recap
Ad Net Zero	UK Advertising Association	UK marketers and agencies (Global 2023+)	2020	Guide to reduce the carbon impact of developing, producing, and running advertising
AdGreen Resources Guide	AdGreen	UK agencies	2022	Help those in the advertising industry eliminate the negative environmental impacts of production, by department

Backup | Reference list of existing materials and related publications (II/II)

Laws and regulations

Select publication according to relevant geography

Guideline title	Author organization	Applicable users	Publish date	Short content recap
Guidance on the Unfair Commercial Practices Directive (Section 4.1)	European Union	EU marketers and agencies	2020	Guidance for businesses to comply with the respective country's customer protection law regulations as they relate to environmental claims
CMA guidance on environmental claims on goods and services	Competition and Markets Authority (CMA)	UK marketers	2021	
Green Guides (shorter summary)	US Federal Trade Commission	US marketers and agencies	2012	
Environmental Claims and Greenwashing	Competition Bureau Canada	Canada marketers and agencies	2021	
Green Marketing and the Australian Consumer Law	Australian Competition and customer Commission	Australia marketers and agencies	2011	
Vejledning om brug af miljømæssige og etiske pa stande m.v.	Danish customers Ombudsman	Denmark marketers and agencies	2014	

Other publications

Select according to specific content use case

Guideline title	Author organization	Geographic scope	Publish date	Short content recap
Environmental Claims: Findings and Conclusions of the OECD Committee on Consumer Policy	Organization for Economic Co-operation and Development (OECD)	Global marketers and agencies	2010	How information on environmental characteristics of products can be improved to help customers make more informed choices
ISEAL Codes of Good Practice Guide	ISEAL	Global developers of sustainability standards	2022	Best practices for creating and maintaining effective and credible sustainability systems

Ad Net Zero

The climate crisis is the biggest challenge our world faces and requires collective action from us all. Ad Net Zero is the advertising industry's drive to reduce the carbon impact of developing, producing, and running advertising to real net zero. Launched in 2020 in the UK, it is now a global collaboration and will drive change in the advertising ecosystem, starting with the world's largest advertising markets. Ad Net Zero USA will launch in 2023.

To begin greening your advertising operations and partnerships, download and read the full Ad Net Zero report and get in touch via adnetzero.com

Produced by the UK Advertising Association, which represents all the advertising industry's stakeholders, the Ad Net Zero report lays out recommendations for cross-industry actions on the five fronts below. These actions will be extended and refined to be used in other advertising markets in 2023, starting with the US, working in partnership with the ANA, along with 4A's, IAB and leading global businesses including Dentsu, Havas, Google, IPG, Meta, Omnicom, Publicis, Sky, Unilever and WPP.

01

Advertising businesses' own operations

All companies commit to curtail their own carbon emissions, principally by reducing travel, non-sustainable energy use, and waste, setting targets and measuring progress against these to be on a pathway to net zero emissions

02

Advertising production

Advertisers, agencies, and production companies commit to adopt tools and training to measure, manage, and reduce the emissions from advertising production—the report recommends AdGreen and similar programs

03

Media distribution

Media agencies use carbon measurement programs like the IPA Media Climate Charter in the UK, working with their clients to measure, manage, and reduce the emissions from media distribution

04

Awards and events

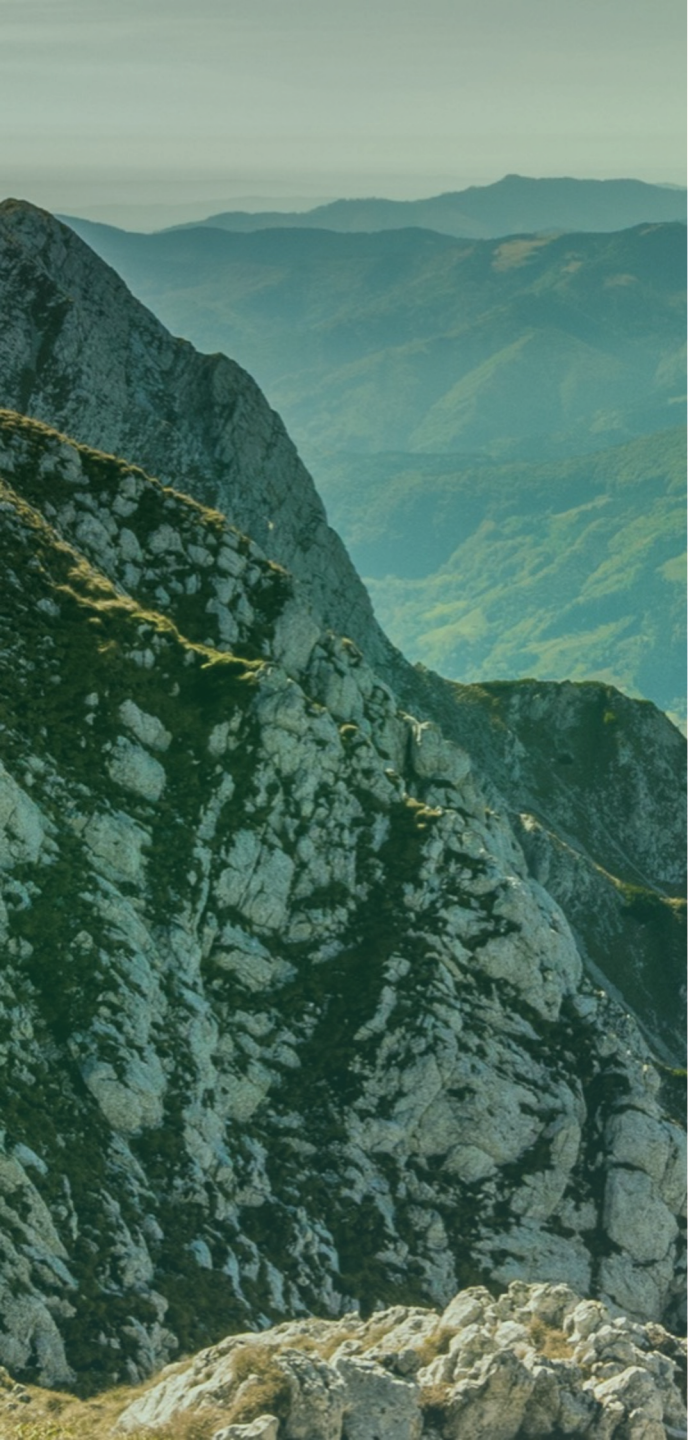
Organizers build sustainability criteria into the entry criteria for awards, and plan events to minimize their carbon footprints, especially from travel

05

Using advertising's positive influence

Advertisers and their agencies harness the power of their advertising to accelerate more sustainable customer choices and behaviors, thereby gaining competitive advantage and driving more sustainable consumption

Source: Ad Net Zero



Key takeaways and next steps

Key takeaways

Mainstream Green can make sustainability a growth driver

CMOs have the knowledge and the platform to drive change, and can collaborate with a variety of leaders to drive mainstream sustainability growth from the center of the organization

Sustainability strategies that move the needle focus on customer needs

An intimate understanding of customers' needs is the foundation for a differentiated purpose and value proposition

Marketers bring a critical lens to removing real and perceived barriers

Marketing puts the customer at the center of the innovation process to tackle real barriers and brings the tools and techniques required to dissolve perceived barriers

Next steps

Determine your action plan

- Commit to making a change
- Establish governance and oversight for deploying **Mainstream Green**

Deeply understand your customer

- Link customer needs to your value proposition
- Classify and remove barriers to sustainable choice

Embrace responsible marketing

- Understand and abide by ethical marketing communication principles
- Mitigate marketing's operational environmental impact
- Hold partners accountable to the same standards

Measure your impact and track progress

- Align on enterprise sustainability KPIs that are credible, measurable, and aligned to company goals
- Establish capabilities to track, benchmark, report, and optimize against your data
- Share learnings and best practices with fellow CMOs

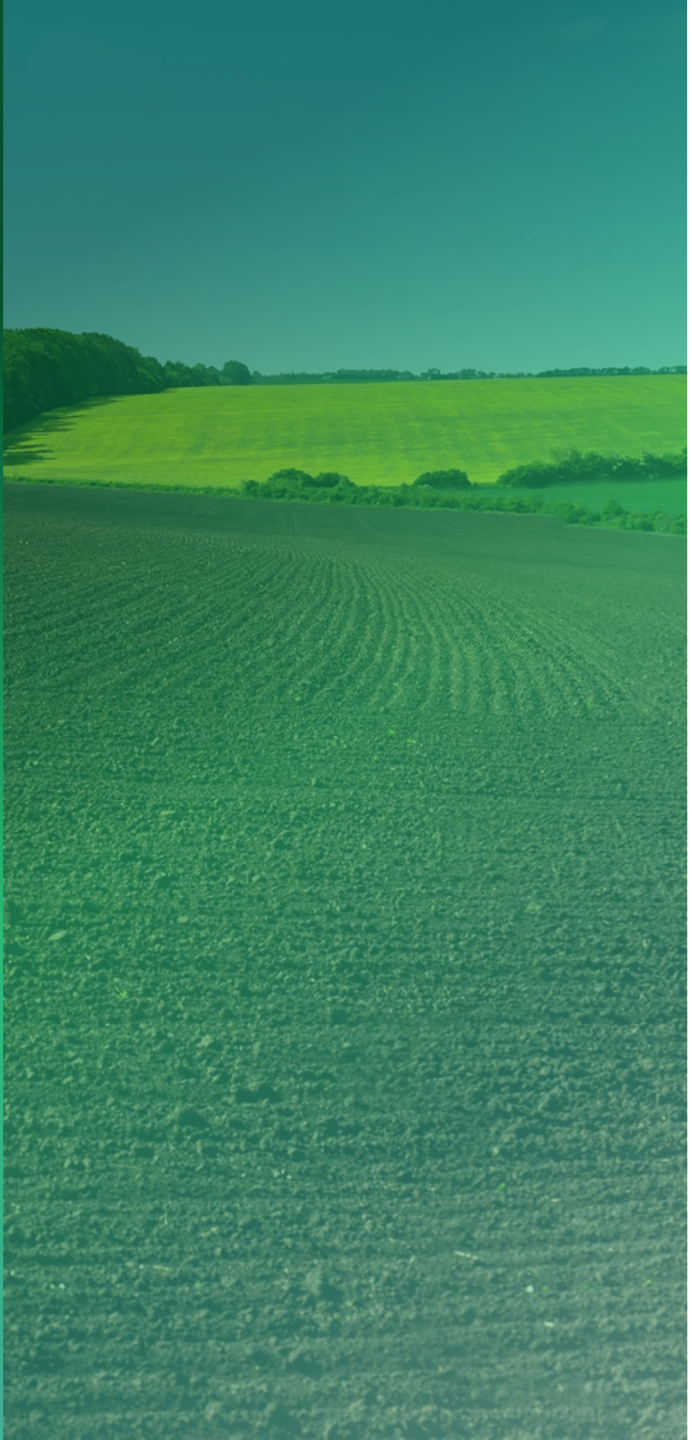
Next steps: Illustrative action roadmap

	Immediate	<6 months	6+ months
Create a seat at the table for marketing	❑ Understand role of marketing in sustainability strategy ❑ Understand company's current sustainability state ❑ Establish governance forums for ongoing collaboration	❑ Obtain CEO and leadership buy-in for marketing's role in sustainability strategy ❑ Educate team on importance of customer-centric view of sustainability	❑ Adjust company processes to include marketing in sustainability ❑ Align on customer-centric sustainability measures of success, required data systems, and processes to track and report ❑ Track, report, and optimize against sustainability KPIs ❑ Embed sustainability in core decision-making and business processes
Understand drivers of choice	❑ Recognize importance of understanding needs and barriers as they relate to sustainability	❑ Design and analyze customer insights to uncover needs/barriers ❑ Share learnings with cross-functional leadership team	❑ Synthesize insights and implications in customer-centric sustainability strategy ❑ Prioritize opportunities, considering sustainability and growth objectives, brand strategy, and product/service portfolio
Create a sustainable offering	❑ Understand the value marketing brings to the sustainability innovation process	❑ Assess sustainability's role within current innovation processes ❑ Understand required capabilities	❑ Embed insights in innovation to accelerate sustainable innovation, adjust processes to include marketing ❑ Establish build/buy/partner model to meet capability requirements
Promote sustainable choices	❑ Understand that different segments require different sustainability marketing tactics	❑ Understand role of sustainability within current customer engagement approach	❑ Create customer engagement strategy that includes sustainability, tailoring tactics to segments
Follow responsible marketing practices	❑ Read Ad Net Zero report	❑ Evaluate advertising practices and partners with sustainability lens	❑ Adopt new tools and practices ❑ Work with partners to change their practices

→ Reach out for questions or support in following the action steps for **Mainstream Green**

We are building towards a future where marketers galvanize and activate large-scale collective action toward **Mainstream Green**

Together, we can make this win-win-win for customers, companies, and the environment



Additional resources

Appendix | Additional resources for guidance (I/III)

Topic	Resource title	Use case
Understand drivers of choice	Demystifying Global Consumer Choice	Top customer needs across categories and geographies and what that means for marketers
	Gen Z Is Torn Between 'Conscience' and 'Commerce' When They Shop	Gen Z value-action gap and six takeaways for engagement
	How Retailers Can Capture $5 Trillion of Shifting Demand	Understand needs and contexts driving customer choices
	Pull Factor Project Report	US customer environmental and social expectations of companies and takeaways
	The Consumer Sustainability Journey	Australian customer awareness and willingness-to-pay and key implications
	Winning the Consumer with Sustainability	UK customer awareness and willingness-to-pay and key implications
Create a sustainable offering	Four Steps to Sustainable Business Model Innovation	Framework of an iterative innovation cycle to achieve competitive advantage
	Are You Ready for Green Growth?	Sustainability challenges for companies and implications for innovation solutions
	The Secrets of Sustainability Front-Runners	Determine positioning in the sustainable innovation business landscape
	When a Business Ecosystem Is the Answer to Sustainability Challenges	Business ecosystem's ability to address barriers and how to apply

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Appendix | Additional resources for guidance (II/III)

Topic	Resource title	Use case
Promote sustainable choices	Nudging Consumers Toward Sustainability	Leverage nudges to guide customer behavior to complement sustainability goals
	Want to Do Good in Advertising? The UN has a Plan for That	Ideas from campaigns that supported UN Sustainable Development Goals
	When It Comes to Creating Shareholder Value From Climate & Sustainability Commitments, There Are No Shortcuts	Five components of effective communication to generate valuation credit
Industry spotlight	Closing the Food Waste Gap	Key drivers of food loss and waste and potential solutions
	The Untapped Climate Opportunity in Alternative Proteins	Gain insight on customer sentiment and market opportunity for alternative proteins
	How Luxury Companies Can Advance as Responsible Pioneers	Understand the luxury industry's value proposition for sustainability
Resource hubs	BCG Climate Change and Sustainability Insights	Our latest thinking on climate change and sustainability
	CMO Sustainability Accelerator (CSA) Hub	Source sustainability news, insights, tools, and case studies from the community and CSA partnership
	Business and the circular economy	Learn strategies, case studies, and practical tips for a circular economy
	WARC Sustainability Hub	Access curated insights and proprietary tools for marketers to drive sustainability

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Appendix | Additional resources for guidance (III/III)

Topic	Resource title	Use case
ESG strategy and enablement	AI Is Essential for Solving the Climate Crisis	Applications of AI to address climate change topics
	BCG-WEF Project: The Net-Zero Challenge	Guidance on net-zero strategy, operations, and organization
	How to Build a High-Impact Sustainability Alliance	Three models for collaboration and how to build to achieve ambitious sustainability goals
	Optimize for Both Social and Business Value	Principles to pursue in transformation for both corporate and social value
	Six Pitfalls to Avoid When Mobilizing for Sustainability	Six factors preventing effective corporate organization and how to avoid
	Six Steps to a Sustainability Transformation	Six actions to drive sustainability transformations in strategy and operations
	The Challenges of a Sustainability Transformation	Three main challenges preventing effective transformations and how to address
	The Climate Is Changing, Are You?	Brand and agency attitudes on sustainability and implications for actions to take
	The Strategic Race to Sustainability	Create strategic and competitive advantage through sustainability
	What You Need to Know to Become a Sustainability Champion Within Your Agency	Eight tips to increase sustainability considerations in advertising and marketing collateral

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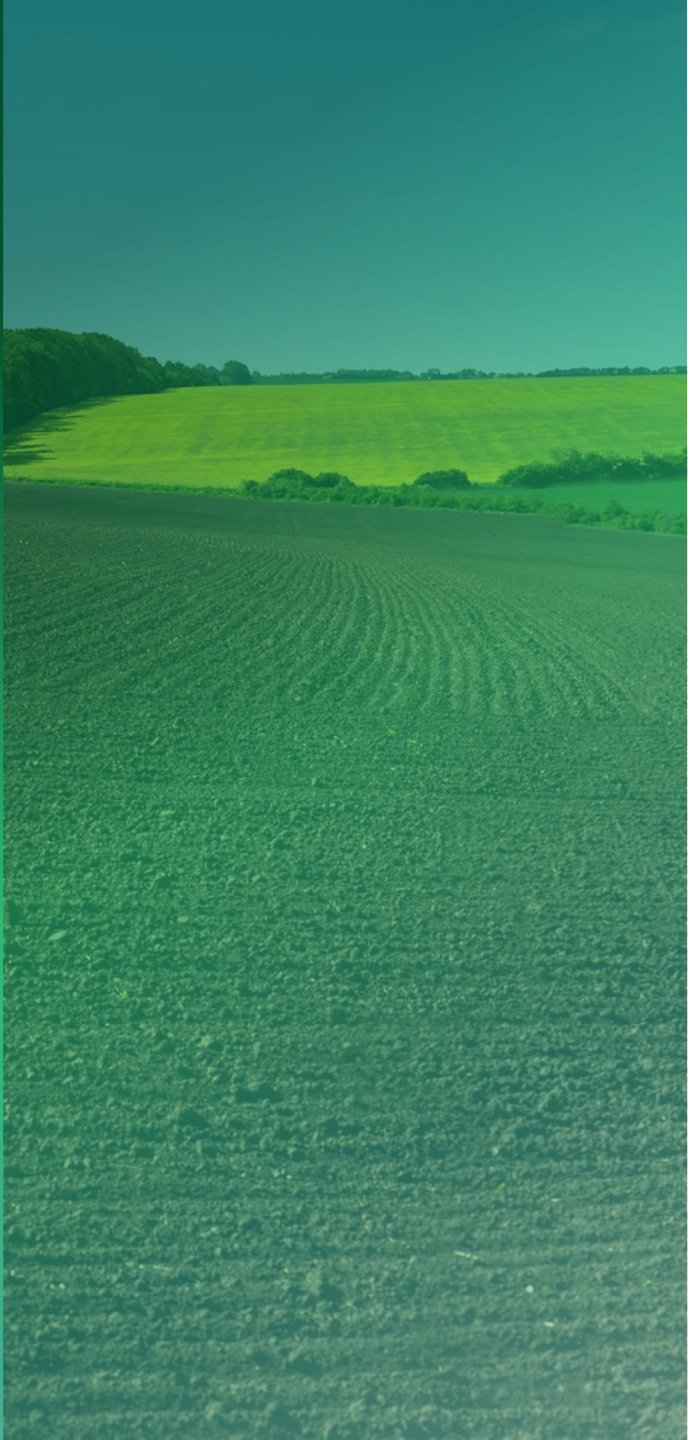

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If your company would like to learn more about the research in this report or how to follow the action steps for **Mainstream Green**, please reach out to MainstreamGreen@bcg.com.

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