



BSR Conference 2010

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## Leading as Well as Listening: Building Demand for Sustainable Products

Breakout Session Summary

Thursday, November 4, 2010 | 10:30 a.m.–12:30 p.m.

### Speakers

- » **Stefano Brown**, Sustainability Manager, Retail, IKEA
- » **Louise Nicholls**, Head of Responsible Trading for Food, Marks & Spencer
- » **Strick Walker**, Brand Experience Lead, IDEO
- » **Arlin Wasserman**, Vice President, Sustainability and Corporate Citizenship, Sodexo
- » **Eric Olson**, Senior Vice President, BSR (moderator)

### Highlights

- » Sustainability is a powerful tool for innovation—companies can use it to anticipate challenges, create new products, and engage consumers.
- » Through sustainable production and product selection, companies can reduce the decision burden on consumers and help guide them to better choices and behaviors.
- » Consumer engagement, sustainability marketing campaigns, and the design of new products is most effective if informed by robust ethnographic research.

### Memorable Quotes

*“Customers matter, but maybe we overemphasize the importance of consumer choices. One thing consumers are very clear about is that they want choices to be easy.”*—Eric Olson, BSR

*“For a business like ours, there is no choice but to edit for the consumer—making those choices right and making them new is the big challenge for large, older businesses like Sodexo.”*—Arlin Wasserman, Sodexo

*“Personally, I feel that business needs to lead, needs to help us change our own behaviors, and needs to move beyond mitigating risk and publishing CSR reports. ... I believe that businesses can really be a positive influence by changing the way consumers behave.”*—Strick Walker, IDEO

### Overview

Olson described the session topic as seminal in sustainability work: whether companies can and should be building demand for more responsible products, and if so, how to encourage consumers to make more responsible choices.

Wasserman spoke first and explained that, as a service provider of food and other services to large institutions, Sodexo has to edit the choices available to consumers. The environment in which the company makes choices for consumers is increasingly shaped by growing consumer awareness and greater supply chain transparency. This environment demands innovation, which, Wasserman explained, can be a challenge for an older, larger institution like Sodexo. At the same time, sustainability offers the best opportunities for innovation and growth because it helps a company envision the future, collaborate across departments, and engage stakeholders.



Nicholls presented the Marks & Spencer approach to integrating sustainability with consumer engagement. She explained their phased Plan A approach, which incorporates both improved production methods of suppliers with consumer education and “reward” programs, for instance by tying recycling and clothing donations to Marks & Spencer vouchers. Nicholls said areas of future work include making new product purchasing decisions based on Plan A criteria and consumer engagement on product end use. She explained that much of what Marks & Spencer does is tied to consumer research—which, among other things, has taught the company that sustainability campaigns sometimes fail to connect with individual consumers. Finally, she emphasized partnership as a key driver to “help us on that difficult journey toward making progress.”

Brown presented a current consumer engagement challenge that IKEA is struggling with at the retail level: On average, 80 percent of IKEA customers drive to retail stores in their personal cars, producing carbon emissions three times higher than IKEA stores, offices, and warehouses combined. He explained that this phenomenon is a byproduct of IKEA’s business model of “purchase and carry,” the location of most stores being outside the city center, and the difficulty of linking public transit to stores. IKEA is partnering with the World Wildlife Fund to design a solution to this challenge, with a pilot program in 33 stores in the UK, United States, and China. Focus areas of the project include promotion of mass transit and home delivery, promoting e-commerce as a home shopping option, and improving communication with customers on smart shopping behavior. The project is facing significant internal debate because it challenges the business model. Brown asked the group to help him create solutions in their later breakout activity: “Our solutions need to be more convenient and cheaper than driving a car, and they need to maintain the instant gratification experience.”

Finally, Walker explained the “design thinking” approach that design firm IDEO is using to help companies create new products and services for customers. He emphasized that through design thinking, businesses could focus less on mitigating negatives and more on positive contributions by encouraging consumers to make more sustainable choices. This method requires robust and meaningful observations of consumers, he said, which firms like IDEO can provide. “If business doesn’t become part of the solution,” he concluded, “I feel that those businesses will be left behind because other companies are doing it already.”

In the Q&A period, participants asked how to counter internal arguments that consumers don’t care about sustainability. Nicholls and Wasserman argued that sustainability must be incorporated into the mainstream innovation and product design functions of a company and tested with consumers like any other new idea before conclusions were drawn from market research.

Another question posed was how to inform consumers about end-user environmental impacts, which are often the most significant of a given product. Olson offered the example of Levi Strauss’ life-cycle assessment of its blue jeans, which found that the majority of carbon emissions occurred with the end user, leading Levi Strauss to conduct a consumer awareness campaign on washing jeans in cold water.

During the second hour of the session, participants and panelists engaged in group exercises to discuss some of the specific challenges the panelists introduced. Olson concluded by saying that in addition to leading and listening to consumers, this session indicated that businesses also need to look inwardly at their approaches to innovation, and that they can’t use consumer data as a crutch.

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