

The Transformational Company Guide

Quality #14 - Customer Engagement

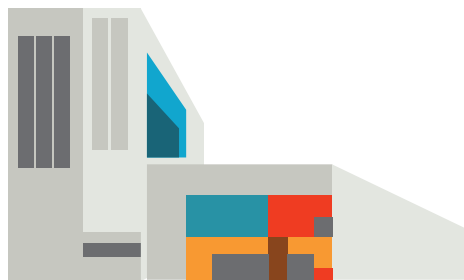


For more information on the new business leadership standard visit
www.cbsr.ca/transformationalcompany



Transformational Company Quality

14: CUSTOMER ENGAGEMENT



Transformational companies enable customers to make informed choices, reduce their lifestyle impacts and make a positive difference through education, engagement and innovative products and business models.

WHAT IS IT?

With humanity in ecological overshoot (exceeding planetary boundaries) and social undershoot (people living with poor quality of life), leading companies take responsibility for the role of their customers in enabling a sustainable society, despite this not being within their direct control. For many companies, the bulk of their sustainability impacts across the life-cycle of their products is associated with consumer use and not manufacturing or sourcing ingredients. Leaders recognize that a sustainable future requires fundamental changes in consumer behaviour across society – their challenge is not just to find new ways of procuring and distributing goods and services more sustainably, but to influence consumers to improve the social and environmental impacts associated with the use and disposal of their products and to contribute to creating a better world.

Of course, business is constantly changing the collective behaviour of the public through their brands and marketing – the way and what we shop, eat and communicate, etc. Transformational companies leverage this marketing power for the good of society. They see two opportunities: 1) on the one hand, they accept the imperative that to enable a growing global population to live with a good quality of life requires a shift to sustainable consumption and lifestyles; 2) on the other, they see the business opportunity in being first to tap the latent consumer demand to buy from companies showing social leadership. The brands that embody these consumer values and aspirations are well positioned to inspire and enable change, while driving market share.

In fact, [research](#) reveals there are over two billion consumers globally (called “Aspirationals”) who are redefining consumption by uniting style, social status and sustainability values. Over one-third of global consumers (40 percent in Canada) identify as “Aspirationals” defined by their love of shopping (93 percent), desire for responsible consumption (95 percent) and their trust in brands to act in the best interest of society (58 percent). Aspirationals are more likely than any other segment to “share” and “make” products rather than buy something new, while technology and social media advances makes engaging them a growing opportunity.

Progressive companies and their brands invest in measures to foster a shift toward more sustainable consumption and influence behaviour change at scale by inspiring and engaging these aspirational consumers. They know that simply offering better products – those that are more effective, safer, socially more responsible and environmentally less harmful – is insufficient and that they have a role to play to encourage customers to adopt more sustainable consumption practices. They help their customers better understand what constitutes a sustainable way of life and how to do their part through their consumption and product use. By enabling customers to make informed choices, reduce lifestyle impacts and make a positive difference, business and their brands can accelerate a shift to sustainable consumption.



Aspirational Consumers Align with Sustainability Values

Positive Influencers: Nine in 10 Aspirational consumers say “I encourage others to buy from socially and environmentally responsible companies” (90 percent), compared to 59 percent of all consumers. 53 percent of Aspirationals would buy more sustainable products if it connected them to a community of peers with shared values.

Responsible Consumers: Nine in 10 Aspirational consumers also say “I believe we need to consume less to preserve the environment for future generations” (95 percent), compared to 69 percent of all consumers, and that they are “willing to pay more for products produced in a socially and environmentally responsible way” (90 percent) compared to 54 percent of all consumers.

With Aspirationals, the sustainability proposition changes from being the ‘right thing to do’ to being the ‘cool thing to do.’ Companies and their brands now have a profound opportunity to harness sustainable product design and societal values to inspire the next generation of commerce and create positive impact in the world.

Source

Unilever conducts customer research to understand how to inspire sustainable living at home

Unilever has a commitment to help more than a billion people take action to improve their health and well-being and to halve the environmental footprint of the making and use of their products as they grow their business. These commitments require they engage their customers in “sustainable” practices. To identify how best to do this, they conducted research into how to motivate sustainable living at home in the UK:

In November 2012, we embarked on the Sustain Ability Challenge, a six-month research study with 12 UK households to understand the barriers, triggers and motivators to inspiring behaviour change towards sustainable living at home. The challenge was developed to address the fact that seven out of 10 people in the UK believed that living sustainably would cost more money. We were curious to see if we could bust this myth through simple, everyday lifestyle changes.

We developed three challenges over the six-month period which focused on different sustainable living areas. The first part of the challenge addressed waste, with the households aiming to reduce their food bills by 15% and household waste going to landfill by 25%. The second part of the challenge turned to water and energy usage, with the households aiming to find the best ways to use less water in the bathroom and when doing their laundry at home. The final part of the challenge focused on sustainable sourcing, during which the households were asked to explore where their food came from and how it was produced.

Each week, the households were given a new task relating to the focus area, with accompanying tools and tips to help them change their related behaviours. We were amazed by the results as at the start of the challenge, nearly half of the households felt they were being held back a great deal from living a more environmentally conscious lifestyle because they felt they couldn’t make much of a difference on their own. By the end of the challenge, NONE of them felt this way!

Not only did households save £22 a week on average on their household bills and expenditure as a result of following the three challenges, they also felt empowered to do more. The key to creating this shift in mind-set was to re-position sustainable living as something exciting, aspirational and beneficial, which we did by applying Unilever’s five levers for behaviour change – a set of principles which, if applied to behaviour change interventions, will increase the likelihood of having a lasting impact. (See page 78 for a description of the five levers of behaviour change.)

Source and Source



Marks & Spencer sets targets to engage customers in sustainability efforts

Aim: Engage one million M&S customers in Plan A (the company's sustainability) activities using a range of online channels by 2015 and three million by 2020. Since 2011, we have engaged over 800,000 customers in a wide range of online Plan A activities, designed to help them live more sustainably (although some customers may have taken part in more than one activity). These included our Shwopping Facebook App for clothes recycling, taking a virtual tour of our new Cheshire Oaks Sustainable Learning Store, online GreenRedeem vouchers, Big Butterfly Count submissions, registering for the Big Beach Clean-up, making Plan A (sustainability) Pledges as well as receiving advice about reducing food waste and leading healthier lifestyles.

Aim: Run a continuous programme of Plan A marketing communications, to encourage customers to take action. Throughout this year, we ran Plan A communication campaigns on a range of issues. These included our Shwopping clothes re-use and recycling scheme and other efforts.

Aim: From 2015 onwards we will work with key external stakeholders to define best practice on promoting and marketing healthy food and will have trialled key outcomes by 2017. In order to start developing our plans we partnered with The Guardian newspaper to run a conference event on the best ways to promote healthy food and lifestyles.

Source

WHY IS IT IMPORTANT?

A growing and urbanizing global population is driving uncertainty in raw material prices and security of supply. Empowered by technology and social media, the next generation of consumers is becoming more vocal and demanding. To address these risks and opportunities forward thinking companies develop product, brand and marketing strategies to inspire customers to adopt sustainable lifestyles, believing this will strengthen their future social license to grow. They invest in measures that tap into the new paradigm shift in consumer values to drive competitive advantage while fostering positive social impact.

Companies that adopt this approach strengthen customer relationships and create networks of advocates and brand ambassadors that their competitors will be unable to rival. This results in:

- Competitive advantage and differentiation
- Deeper brand loyalty and trust
- Increased market share and new segment access

The opportunity is to move beyond one-off transactional customer relationships to develop deeper connections – especially with Aspirationals – through universal human aspirations for purpose, belonging, voice, status, participation and impact. Ultimately, customers will come to believe that society is better off if they do business with the company. By creating social purpose customer movements, transformational companies create business growth and a better world.

Consumer social values

Research shows that global consumers consider a company's social and environmental commitment before making the following important decisions:

- 87% what to buy or where to shop



- 85% which products and services to recommend to people
- 85% what companies they want to see doing business in their community
- 81% where to work

Source

HOW TO DO IT?

Customer sustainability engagement is an emerging practice for companies, so there are few models to follow. Many of them, like Unilever described earlier, conduct R&D to determine how to engage customers on sustainable practices and build their strategies around their findings.

Here are some ideas for you to consider in developing your customer engagement strategy (many from these two sources [link](#) and [link](#)):

1. Determine the business drivers for customer engagement, such as brand differentiation, customer experience or innovation. The business case must show a 'strategic fit' with the value drivers your company is currently prioritizing.
2. Choose the behaviour you want to change. To do this, understand the top opportunities for mobilizing customer behaviour change by identifying the biggest social or environmental impacts in product use and disposal. You might choose your target behaviour based on consumer perception, stakeholder importance or a desire for competitive differentiation.
3. Get product developers, marketers and sustainability experts together with external experts to brainstorm opportunities. Adopt a change model, such as the five levers of change in the diagram below. Tactical opportunities include campaigns to encourage more sustainable behaviours, changing the product or packaging, providing the infrastructure to enable sustainable behaviours, or normalizing sustainable behaviours. Consider creating an affinity customer engagement platform that:
 - Gives customers something to believe in.
 - Gives them a community to belong to.
 - Amplifies customers' voice as co-creators.
 - Gives them social status and something to share.
 - Gives them opportunities for participation and impact.
4. Conduct market research, crowd-source ideas and pilot your tactics to discover which of these benefits your customers will enjoy by changing their behaviour.
5. Implement and scale your engagement strategy. Measure results and improve as you go.

Five Levers for Behaviour Change

To foster behaviour change you need to systematically identify: Barriers – what are the things that stop people from adopting a new behaviour? Triggers – how could you get people to start a new behaviour? Motivators – what are the ways to help them stick with the new behaviour? Next, take those insights and consider how to inspire the change that's needed using each of these Five Levers for Change:



Five Levers for Behaviour Change



Source

Normalize it – IKEA’s catalogue includes LED lights, water saving faucets and waste sorting solutions which they call “good for you and good for the planet”. Catalogue pictures show how the company’s storage solutions can promote recycling: “When it comes to recycling, every itty-bitty thing adds up. So here’s a place to sort the small stuff, such as compostable cotton balls.”

WHO IS DOING IT?

B&Q is the UK’s largest home improvement retailer, serving 3 million customers every week. They provide customers environmentally friendly products and advice on how to reduce the impacts of their home or do DIY the greener way. All store staff are trained in helping customers choose sustainable options. More details at this [link](#).

Approximately 500,000 tonnes or 1 billion items of clothing are dumped in landfills annually in the UK (114,000 items an hour). To help reverse this trend **Marks & Spencer** (M&S), a British retailer, launched a “shwopping movement” with a vision to engage customers in driving a clothes recycling revolution and reduce waste to landfill. Customers are encouraged to put their old items (from any retailer) into a ‘Shwop Drop’ box located by M&S tills. The clothing goes to Oxfam which resells it, forwards it to those in need in the Third World, or recycles the fibres to make new material. Oxfam uses the money raised to help people around the world overcome poverty. Additional details available [here](#).

WHERE CAN I GO FOR MORE INFORMATION?

- The Business Value of Changing Consumer Behaviours, Futerra and Business for Social Responsibility
http://www.futerra.co.uk/wp-content/uploads/2013/09/Sustainable-Lifestyles-Frontier-Group-Value_Gap.pdf



- Business Case Builder – Taking Sustainability to Market, Futerra and Business for Social Responsibility
<http://business-case-builder.com/>
- Consumer Behaviour Change (Focused on emerging economies but generally relevant)
http://eightsustainability.com/docs/Emerging_Economies.pdf
- Expert Insights into Consumer Behaviour and Unilever’s Five Levers of Change
http://www.unilever.com/images/slp_5-Levers-for-Change_tcm13-276807.pdf
- Five Secrets to Engaging Aspirational Consumers, Mitch Baranowski and Raphael Bemporad
<http://www.fastcoexist.com/3030156/5-secrets-to-engaging-aspirational-consumers>
- Driving Social Change: Best Practices for Business Leaders and Social Entrepreneurs, Network for Business Sustainability
<http://nbs.net/wp-content/uploads/NBS-Executive-Report-Social-Change.pdf>
- Aspirational research, GlobeScan and BBMG
<http://theaspirationals.com>
- Conference Board of Canada webinar on sustainable consumer engagement, profiling Futerra and HP’s approach ([link](#)). Contact publications@conferenceboard.ca and quote CBSR to see if you qualify for free or discounted access.

