Impact of Sustainability on Marketing
What you say versus what you do...

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Institute of Sustainable Enterprise (ISE)
at Fairleigh Dickinson University

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President & CEO

Along with:

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Leonard Gordon – leonard.gordon@ftc.gov
Overview - Impact of Sustainability on Marketing

- David Rosen – CEO of Acrelic Group & Chairman of MENG (Marketing Executives Networking Group) Sustainability SIG

- Shari Aaron – Co-Author of *Climb the Green Ladder*

- *Len Gordon* – Northeast Director of the FTC

- *Panel Questions*
Sustainability as a Business Opportunity Starting at the Board Level

Sustainability for Competitive and Strategic Advantage™

Environmental/Economic/Global Challenges Affecting Business for Marketing to Consider

- Reliance on Oil and Coal
- Non-Renewable Resource Costs are unpredictable and increasing over time
- Population Growth Outside of North America is doubling tripling
- US is a Net Importer
- Carbon Emissions and Waste are High

- Energy is Expensive
- World Economic Crisis and Shift
- Consumers are buying Green
- Consumer backlash against weak claims or incomplete commitments
- No Clear Alternative Energy Alternatives – Geo Thermal at Risk
- Regulations are Pending
Our Research has Identified Eight Reasons Why Enterprise Should Take Sustainability Seriously:

- Opportunity to Reduce and Increase Predictability of Costs
- Avoid Disruption in Production due to Regulatory Impact
- Improve relationships in your Eco-System
- Opportunity to Enter New Markets through Innovation
- Reduce Carbon Footprint – Cap and Trade
- Reduce Waste
- Create Longevity and sustainability for the Business
- Increase the value of the Brand(s)
How Many P’s of Marketing?

Kotler 4 P’s
- Product
- Place
- Price
- Promotion

Other P’s
- People
- Position
- Profit
- Packaging

As companies integrate Sustainability into their Strategies, Business Plans, Operating Plans and Tactics, how will Marketing respond?
New Evolution™ locomotives, on order by Kazakhstan, reduce fuel consumption by 3 to 5 percent or roughly 189,000 fewer gallons of fuel in the engine’s lifetime.
Example Checklist of Possible Sustainable Packaging Goals

- Minimization of material Use
- Favoring Materials made from Renewable Resources
- Recyclable or compostable packaging
- Forest Certification
- Incorporating Recycled Content

- Material substitution/new material development
- Investment in New technology and new product packaging delivery systems
- Development of and investment in end use infrastructure/systems
- Consumer/customer education
- Minimize packaging/product fees
Branding, Positioning and Generating Demand - Push and Pull-Through

- Shaping How People Behave and What We Believe
  - Those Who Do More than They Say
  - Those Who Do What they Say
  - Those Who Say More than they do

- How Committed to Sustainability is the Enterprise? Or is it a Product Play?

- How Confusing is the Product?

- What Organizations Verify or Validate Claims?
Products Can Be difficult to compare

<table>
<thead>
<tr>
<th>Product property</th>
<th>Incandescent lamp</th>
<th>Fluorescent lamp</th>
</tr>
</thead>
<tbody>
<tr>
<td>power consumption</td>
<td>60 W</td>
<td>18 W</td>
</tr>
<tr>
<td>life span</td>
<td>1000 hr</td>
<td>5000 hr</td>
</tr>
<tr>
<td>mass</td>
<td>30 g</td>
<td>540 g</td>
</tr>
<tr>
<td>mercury content</td>
<td>0 mg</td>
<td>2 mg</td>
</tr>
<tr>
<td>etc</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>
### Inventory Table

<table>
<thead>
<tr>
<th>Elementary flow</th>
<th>Incandescent lamp</th>
<th>Fluorescent lamp</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO$_2$ to air</td>
<td>800000 kg</td>
<td>50000 kg</td>
</tr>
<tr>
<td>SO2 to air</td>
<td>1000 kg</td>
<td>80 kg</td>
</tr>
<tr>
<td>Copper to water</td>
<td>3 g</td>
<td>20 g</td>
</tr>
<tr>
<td>Crude oil from earth</td>
<td>37000 kg</td>
<td>22000 kg</td>
</tr>
<tr>
<td>etc</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>
## Environmental Impact Comparison

<table>
<thead>
<tr>
<th>Impact category</th>
<th>Incandescent lamp</th>
<th>Fluorescent lamp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td>120000 kg CO2-eq.</td>
<td>40000 kg CO2-eq.</td>
</tr>
<tr>
<td>Ecotoxicity</td>
<td>320 kg DCB-eq.</td>
<td>440 kg DCB-eq.</td>
</tr>
<tr>
<td>Acidification</td>
<td>45 kg SO2-eq.</td>
<td>21 kg SO2-eq.</td>
</tr>
<tr>
<td>Depletion of resources</td>
<td>0.8 kg antimony-eq.</td>
<td>0.3 kg antimony-eq.</td>
</tr>
<tr>
<td>etc</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>
AMA/Fleishman-Hillard Group Study of more than 270 Companies

Which of the following descriptions of sustainability makes the most sense for your organization?

- 23% balancing financial, human, and natural resources for long-term benefit
- 10% the responsible use of natural resources
- 7% driving waste and inefficiency out of the supply chain
- 5% reducing our carbon footprint and dealing with global warming
- 3% reducing our national dependence on foreign oil and focusing on renewable energy resources
- 53% none of the above

Source: AMA/Fleishman-Hillard 2009
Even with the Economic Crisis, Enterprise Marketing will Encourage Sustainability

Over the next two to three years, do you expect [economic realities] to discourage or encourage your organization’s adoption of sustainability practices?

- Encourage 50%
- Little influence 18%
- Discourage 29%
- Don’t know 3%

To what extent do you agree or disagree with:

Our organization purposely keeps a low profile on our sustainability efforts.

- Agree 27%
- Disagree 54%
- Don’t know 19%

Source: AMA/Fleishman-Hillard 2009
Shari and Len bring perspectives from Enterprise and Consumers

- Talk about what claims are problematic
- What to Consider when Making Claims
- How to Come to Market with Sustainability
- Knowing More about What Consumers Want and Perceive about What is Green
- How to influence the organization to be more Green and impact Sustainability metrics
David A. Rosen

- President & CEO of Acrelic Group
- Chairman of Acrelic Interactive
- Chair of Sustainability SIG at MENG

Background

David has spent more than 25 years in Executive Operating Roles in large companies, CEO roles in startups, and strategic advisory roles to large companies. He has also been a board member of 5 companies. He has successfully grown business across 5 continents, been engaged in more than 30 M&A transactions, and assisted in bringing hundreds of new products to market. His consulting experience has led him to evaluate hundreds of companies for acquisition, investment, or partnering. David has also commercialized several defense technologies that have had significant sustainability impacts.

David’s direct industry experience comes from working for well known companies such as Telcordia, AT&T (Ameritech), Meta Strategies & Solutions, Technology Financial Services, ABC (Disney), and Harvard University. His clients have included: AT&T, Computer Associates, Deutsche Telkom, HP, IBM, L-3 communications, Lockheed Martin, Northrop Grumman, Raytheon, Siemens, Thermo Fisher, and Verizon.

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