Driving Sustainability Through the Enterprise

Fred Smagerinsky
5.20.11
For openers: defining terms

- **Sustainability**: overused term with diluted meaning

  
  - “*Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*”

  - Goes beyond environment; incorporates economic and social considerations

  - Development encompasses production, delivery of services and organizational habits and processes – *not just “green” products*
What we’ll cover today

• How Marcal’s **sustainable brand and culture** extends beyond **green products** and **services**

• How our **marketing initiatives** are **building a community** around sustainability

• How **lean operations** can drive sustainability’s triple bottom line: **People, Planet & Profit**

• How **community outreach** engages staff and neighbors in a **culture of sustainability**
A brief word from our sponsor

- **Elmwood Park-based**, major NJ manufacturer – *and only paper producer.*

- **600+ employees.** Privately owned.

- **#1 US manufacturer** of 100% recycled household paper goods.

- Sold in **At Home** (retail) and **Away from Home** (commercial) segments.

- **NRDC’S top ratings** for responsible production.

- **Green roots** back to 1950 – long before anyone was talking about sustainability

- **Lowest carbon footprint option for paper goods!**
Behind the scenes:
our recycled manufacturing process
About the paper goods category

- Dominated by “big 3”: Proctor & Gamble; Kimberly-Clark; Georgia Pacific (Koch Industries)

- 98% of production from virgin fiber (i.e. non-recycled)

- Extremely competitive: big-spending domestic competitors; imports from China

- Promotion-driven product category

- “Greenwashing” is common: misinformation about green product attributes
(I) Creating a sustainable identity: from product, to brand, to culture

How we created the Marcal Small Steps® brand in 2009…and with it, a culture of sustainability.
Creating a sustainable identity

• Recycled content: for most of Marcal’s history, a well-kept secret

• Although not integral to our brand identity, sustainability was already hard-wired after 50+ years into Marcal’s operations, processes and products

• Key developments in 2008 …
  – **Analysis**: the world had come around to Marcal – there was growing interest in green products and the “4 R’s” and it was influencing consumer behavior
  – **Insight**: we can re-position our product line to highlight our green heritage and authenticity to capitalize on this evolution in consumer preferences
  – **Strategy**: decision to launch of **Small Steps® brand** paper products

• **Our challenge**: how can we understand and appeal to the distinct mindsets, needs and behaviors of our target consumers and create a sustainable product identity and brand?
Creating a sustainable identity

(1) Is there a market opportunity for a green brand?
   A RESOUNDING YES
   - $227 billion in “sustainable purchasing power”
   - All-in commitment by Walmart; a top 10 overall retail trend
   - We had a built-in segment leadership story and authenticity
Creating a sustainable identity

(2) Who’s our target consumer – really?

– **Deep Greens**: frequently/always purchase organic/green products. *Approx 15% of market.*

*** Light/Medium Greens: sometimes/often purchase organic/green products. *Approx. 65% of market.*

– **Brown/Never Greens**: never/seldom purchase organic/green products. *Approx 20% of market.*
Creating a sustainable identity

(3) What matters to our target consumer?

– **Performance**: meet or exceed my expectations.  
  *This is about caring for my family.*

– **Price**: don’t make me pay more to go green.  
  *We’re on a budget.*

– **Planet**: I want to help, but I’m not sure how.  
  *Maybe it’s too big to tackle.*
Creating a sustainable identity

(3) How to go from insights to brand?

– **Look and feel mainstream** – like a brand that happens to be green, not a “green brand.” *That I will find where I already buy paper goods.

– **Make it tangible.** Show how choosing your brand makes a difference. *Keep it simple.*

– **Make me care.** It’s OK to be emotional.
Creating a sustainable identity
Creating a sustainable identity

Marcal small steps™
A Small, Easy Step to a Greener Earth™

100% Premium Recycled Paper
STRONG & ABSORBENT
Whitened without Chlorine Bleaching • Hypoallergenic • Virtually Lint Free • No Dye or Fragrance Added

We Believe That All Products Should:
• Give you the performance you expect
• Be good for your family and the environment
• Not have to cost you more

“RIGHT FOR THE ENVIRONMENT
Change just one regular roll to Small Steps™ by Marcal®,
and you could help us SAVE 1 MILLION TREES.

GREEN, BUT HARD WORKING
Small Steps™ towels, bath tissue, napkins and facial tissue
feature an exceptional combination of strength, absorbency and softness to be perfect for every job.

SAFE FOR HOME & FAMILY
Our non-premium recycled papers are
manufactured without chlorine bleaching.

Try our entire line of towels, bath tissue, napkins & facial tissue.

PAPER FROM PAPER NOT TREES™
PLEASE RECYCLE THIS WRAPPER

www.marcalpaper.com

Marcal Paper Company
145 Marcal Avenue
River Edge, NJ 07661
www.marcalpaper.com

Revision Date: 12/9/2010

Marcal Paper Company is a private, family-owned, certified B Corporation. It is the only paper company in the world to obtain certification. Marcal also leads the industry in environmental initiatives, including the purchase of 100% renewable energy, several initiatives to reduce waste, and the use of recycled paper, whereas the rest of the paper industry continues to use only 30% recycled paper.
Creating a sustainable identity

Building a culture of sustainability: the foundation was already there - we have now aligned our Mission to reflect that reality. It is who we are. And our mission is aligned with our brand.

We make everyday paper products that:

- Give you performance you can count on
- Are gentle on the environment
- Offer great value
Creating a sustainable identity: from product, to brand, to culture

Creating a sustainable identity – lessons learned:

• **Sustainability can have many dimensions**: how you make your product, how your product is used, how it is delivered, how it is disposed of, etc.

• **Build on what is authentically sustainable.** Own it. And make sure key stakeholders (consumers, employees, suppliers, etc.) truly care about it.

• **Develop a sustainable brand or platform like a consumer marketer would** – even if you’re not one yourself. Work backward from what consumers value.

• **Weave it into the fabric of the organization.** Involve and connect consumers, staff and supply chain partners – that’s what creates a culture of sustainability. *(… more to come on this)*
(II) Marketing initiatives: commit to a message

Our marketing portfolio – *one message, many pipes*

- Traditional media (print/radio/tv)
- Social media
- Coupons
- Packaging
- Campaigns
- Green events
- … and many more
Marketing initiatives

Launch campaign (2009) - objectives

• Reposition Small Steps® as a light green brand

• Establish the core brand proposition and messaging ("use Small Steps®, save trees")

Marcal “This Tree” Spot
Marketing initiatives

Social Media – objectives

• Make Social Media an everyday activity – *not episodic*

• *Dedicate resources, a Brand Ambassador*

• *Listen* as much as we talk

• *Establish a conversation that goes beyond Marcal and Small Steps®*

• *Experiment frequently, remaining on-message*

• *Build a community*
Marketing initiatives

Marcal social media: a day in the life

Let them know you’re listening

Alison Shaffer
I have an old plastic Marcal tissue case (was my grandmothers) that holds extra large facial tissues, please consider making those tissues again. they are a great size
April 12 at 9:55am · Like · Comment

Build a community

2011 River Clean Up
9,042 Impressions · 0.23% Feedback
April 25 at 3:13pm · Like · Comment · Share

Create brand champions and reward their support

We reached 26K followers!! Celebratory giveaway coming soon!
8:37 AM May 11th via TweetDeck

RT for a chance to win! #MarcalSmallSteps is giving away $18 worth of #coupons for their 100% recycled products and I want to win!
8:52 AM May 11th via TweetDeck
Fall Foliage campaign (2010) – objectives

- Establish ownership of sustainable proposition as no traditional brand can
- Reinforce Marcal’s heritage and authenticity
- Extend the tree-saving proposition in unexpected (and fun) way
- Inject emotion by establishing the brand’s connection with nature
Marketing initiatives

Environmental Facts Panel - objectives

- Leverage packaging - our #1 media vehicle
- Better educate consumers
- Encourage questioning of current paper goods choices
- Counter “greenwashing” with facts
- Develop proprietary sustainability equity
Marketing initiatives: commit to a message

Sustainability marketing – lessons learned

• Authenticity is essential: own something you can genuinely claim

• Keep messaging sharp and tightly focused

• Establish continuity and constancy (social media in particular)

• Adapt communications to changing consumer/customer attitudes and understanding of sustainability

• All elements of marketing portfolio should reinforce messaging and help to build a community of consumers
(III) Lean operations: driving the triple bottom line

**People**
- Kaizen teams
- Increased scope of control
- Metric-driven accountability

**Planet**
- Waste reduction
- Energy savings
- Supply chain rationalization

**Profit**
- Lower costs
- Faster cycle times
- Improved quality
Starting close to home:
employee & community involvement

- More than a “feel good” exercise.
- Create opportunities for involvement that produce tangible results and can be tied to the brand proposition
- Use events to reward teamwork, build a sense of community and have fun
Employee & community involvement

Our leading cause: our hometown, Elmwood Park.

• Passaic riverbank cleanup
• Tree planting
• Marcal Earth Day event
First, a question for you:

How have you most effectively connected with consumers, employees, supply chain partners and other stakeholders through a platform of sustainability?