



# A NEW SUSTAINABILITY SPRINGBOARD FOR RETAILERS

In Eurasia & Africa



A REPORT FROM THE COCA-COLA RETAILING RESEARCH COUNCIL

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# A new model for sustainable development in Eurasia and Africa

*“For business, sustainability is about ensuring long-term business success while contributing towards economic and social development, a healthy environment and a stable society.”*

Sustainability, International Finance Corporation and Ethos Institute, 'Developing Value: The business case for sustainability in emerging markets', August 2002

**This report calls for the ‘re-imagining’ of sustainable development as development that improves the quality of life of consumers — in the short term as well as the long term. It explains how retailers in Eurasia and Africa can develop profitable solutions by abandoning much of the rhetoric of the developed world — and putting people first.**

It does not cover the conceptual issues of sustainability — nor does it review the entire spectrum of programmes for sustainability that the retail sector can undertake. Instead, it focuses on actions by retailers that matter for consumers.

Its pages form is a practical tool for retailers. Based on a series of key principles uncovered by original research, this tool can be applied across the retail sector and across the Eurasia and Africa Region.

## How can companies in the retail sector in Eurasia and Africa contribute to a more sustainable world in ways that benefit their businesses?

The short answer to that question, addressed in detail in this report, is by putting people first. The initiatives for sustainability that succeed and create value for shareholders in both the short and the long term will be those that directly connect with the needs and priorities of consumers at a local level. This applies across the retail sector from small independent retailers with a niche consumer base to regional and international retail chains with a broad and varied consumer base. It's simply about knowing the needs of the consumer.

This report provides a new, consumer-led model for designing and implementing sustainable solutions.

## A new way of thinking

Historically, sustainability has been presented as a 'problem to be solved' rather than as a chance to make things better. Organisations in both the public and private sectors have tended to focus on the 'issues' rather than the opportunities — and this has led to low levels of consumer engagement. (Statistics uncovered in the literature review for this report point to the fact that much support for sustainability is 'theoretical': it does not translate into changes in consumer behaviours.)

Businesses that want to introduce sustainability initiatives and sustainable solutions for consumers in the developing markets of Eurasia and Africa have the benefit of hindsight. They can learn from the mistakes and lessons of the past and the developed world — and do things differently.

The starting point is to 'reconceptualise' sustainable development initiatives as initiatives that improve people's quality of life — and help them progress. This new way of thinking should inform both the way solutions are designed and developed and the way they're communicated to consumers and stakeholders.

This report finds that effective initiatives for retailers — i.e. those that widen the consumer base, create a competitive advantage and increase shopper loyalty — are context-specific and they 'speak to' people's particular needs. They're not developed by reference to general ideas about sustainability or to big or 'macrocosmic' issues such as the scientific causes and consequences of climate change.

## A consumer-led model

Qualitative research carried out for this report in Turkey, India, Russia, Kenya and Oman suggests three 'quality of life issues' matter most to people: health and wellbeing, community and (local) infrastructure.

It's not enough, however, to identify and recognise these issues.

Retailers need insight into how people experience them, how they think and feel about them — and this varies significantly by socio-economic and consumer group. The report further identifies three broad consumer 'mindsets' in Eurasia and Africa — resourceful, progress-driven, established — and the needs and priorities of each. Since they focus on thoughts and feelings, these mindsets represent a different kind of consumer knowledge from the 'traditional' socio-economic profiles or groups.

Through 'granular' analysis or understanding of consumers' needs and priorities and mindsets, retailers can develop effective strategies.

The report provides a simple, linear guide. Essentially, a model for consumer-sensitivity or (in the simplest sense of the term) consumer-centricity, this guide can be used and applied by every retailer — from the small, independent store to the multinational through to the local, private chain — and in every type of catchment area in the Eurasia and Africa region. It can also be applied across a region for international brands. It's a principles-based guide that can be applied in practice.

Retailers can succeed through:

- Awareness and understanding of the particular health and wellbeing, community and infrastructure issues that are most important to consumers in their catchment area(s).

“So far, discussions around sustainability have been Western-centric, focusing on markets where consumers are comparatively affluent and secure.

As experts have observed, this means *“the concept ‘only pretends to be applicable to less developed markets.’*”

A. P. J. Mol, D. A. Sonnenfeld, & G. Spaargaren, ‘The Ecological Modernisation Reader’, Routledge, 2010

- Approaches that connect with consumers on these issues; knowledge of their experiences, needs and motivations.
- Initiatives that relate closely to the immediate needs of consumers and their communities — i.e. that reflect local issues and local ‘sentiment’ and deliver tangible benefits.

This three-step model is summarised and simplified in this report by three words: **‘Understand, Connect, Act.’**

- **Understand** the issues that are most important to consumers.
- **Connect** with consumers through their ‘mindsets’ and needs and motivations.
- **Act** through initiatives that both improve lives and increase profits.

It does not, it’s important to stress, amount to a re-invention of the wheel for retailers — but it does require investment, review and intervention. It doesn’t set out to address every element necessary for a holistic sustainability strategy: it is intentionally focused on developing consumer-facing initiatives that will help retailers build stronger connections with consumers.

## What the model means in practice

The model has been developed with retailers’ core strengths in mind. The retail sector has a sustainability ‘USP’(unique selling proposition): high visibility. In daily direct contact with their consumers and other

stakeholders, retailers already have a mass of information on and knowledge of consumers. They know the people who shop with them, they know (broadly at least) the people who don’t — and they often have quite close relationships with the former.

The importance of detailed knowledge of consumers — by catchment area, by segment and by demographic and socio-economic group — cannot be over-estimated. Steps 1 (Understand) and 2 (Connect) build on this knowledge: they’re natural extensions of what retailers already do. Step 3 (Act) requires more work.

It’s envisaged that the implementation phase will involve, and often require, a cooperative approach with other people and other organisations.

Our research suggests retailers cannot — and should not — ‘go it alone’. Many of the models included in this report are built on a primary initiative: partnership and collaboration in the form, for instance, of alliances between retailers and:

- voluntary organisations, community action groups and NGOs;
- government agencies;
- manufacturers and global suppliers;
- local farmers and local suppliers and producers.

## Applying the model

How can retailers best apply the model? The core content of this report functions as a 'user's guide'.

Chapter 1 highlights the issues that are likely to be most important in catchment areas in Eurasia and Africa — and Chapter 2 how different consumer groups in Eurasia and Africa are likely to experience and perceive them.

Chapter 3 matches consumer issues and consumer 'mindsets' with nine working models for sustainable retail uncovered in primary research — and provides a planning tool to help 'kickstart' action on sustainability.

## The benefits for retailers

Following the model and working in partnership with people and with other organisations will create 'sustainable' businesses — i.e. businesses that thrive and endure over the long term.

The commercial benefits highlighted in this report include:

- new consumers and a broader consumer base;
- increased shopper 'retention' and loyalty;
- reduced costs and overheads;
- a mandate to expand into new markets (increased trust);
- innovation — the development of new products and services;
- new revenue streams.

Consumer-led development leads to a virtuous circle of investment and social, economic and environmental benefits and profits: it creates value for both stakeholders and shareholders over the long term.

*"Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues we face. The moment for a new conception of capitalism is now; society's needs are large and growing, while customers, employees, and a new generation of people are asking businesses to step up."*

Michael E. Porter and Mark R. Kramer, 'Creating Shared Value', Harvard Business Review, January-February 2011 (<http://hbr.org/2011/01/the-big-idea-creating-shared-value>)

*"Corporate social responsibility is a hard-edged business decision, not because it is a nice thing to do or because people are forcing us to do it ... because it is good for our business."*

Niall Fitzgerald, former CEO, Unilever, World CSR Day, January 2014 (<http://www.worldcsrday.com/>)

*"We know our business can only be as healthy, vibrant and resilient as the communities we serve."*

Muhtar Kent, Chairman and CEO, The Coca-Cola Company, '2012-2013 Sustainability Report', October 2013 (<http://www.coca-colacompany.com/sustainability/letter-from-the-chairman-and-ceo>)



### Consumers' priorities, needs and motivations: The Eurasia and Africa Region spectrum

An illustration of the differing mindsets of consumers in Eurasia and Africa is given in the following quotes, each taken from research carried out for this report.

*"People here are worried about how they are going to survive, We have daily struggles like no electricity and corruption from our officials. It's hard to focus on more than that."*

Female, Nigeria, 25 years

*"It's very important to keep improving yourself, and this is completely the responsibility of each person. I haven't yet got to where I want to be in life, but I know there is still time. There are problems, but the government takes care of most of them."*

Male, Oman, 35 years

*"We are comfortable now. We worked hard to get here. Now, we want to relax. We have many problems, in our city and in our government, and we all can work together for improvements."*

Female, Turkey, 45 years

# Preface

# Why this study?

A foreword by The Coca-Cola Retailing Research Council  
Eurasia and Africa



Between now and 2050, rapid economic development and population growth in Eurasia and Africa will put new pressure on the world's resources and pose increased risks to the environment. Feeding and protecting future generations is an ever more urgent concern for governments.

One could say that there will be no sustainable planet if the matter of sustainability is not addressed in Eurasia and Africa.

In Eurasia and Africa, where developing countries dominate, sustainability may have a different meaning for people. For large parts of the population, the issue is not about finding ways to prepare a safe life for the generations that follow: it's about the need to guarantee life for today. Access to water or sustainable agriculture can be immediate, 'here and now' concerns. Recycling of waste, an almost universal part of environmentalism and sustainability in the developed world, can seem irrelevant: in low-income families in Eurasia and Africa everything is automatically re-used.

Although the need for them is vital and urgent, sustainable development programmes are more likely to be perceived in developing countries as an unaffordable and unacceptable constraint on economic growth.

There are other significant 'contextual' differences. Cultural, historical and political local realities mean expectations of the respective roles of governments,

NGOs, manufacturers, retailers and consumers are not the same as they are in the developed world and the West.

Most retailers operating in Eurasia and Africa are just beginning to think about how they could/should act on sustainability — and their responsibilities relative to those of governments. They remain unsure what their influence could be.

While retailers affiliated to global retail chains are used to the idea of sustainability as a management priority, doing sustainable business presents them with equal challenges. The broad concepts are familiar; the 'territory' is not.

For all outlets and all chains (whether local or international) there is a need to align corporate engagements with country specifics.

The shared imperative is developing fuller and more 'granular' understanding of how consumers in Eurasia and Africa connect with sustainability and what their expectations of the retailing industry are.

There is a need for a consumer and community led approach — and for a model that rejects much of the rhetoric and frame of reference of the developed world and the West.

When implementing sustainable solutions, organisations usually measure and communicate on 'output' (how many litres of water they will save, how much they'll reduce their carbon footprint by,



etc.) but not on the ‘impact’ on people (how much an action improved or contributed to someone’s life).

This needs to change. We should start from the consumer point of view and measure the impact of initiatives on the happiness, hopefulness and health of people and their communities. The benefit will be increased support for programmes and solutions and increased engagement — and, ultimately, increased shopper loyalty and more sustainable business.

In line with its goal of delivering research and thought leadership to the retailing industry, The Coca-Cola Retailing Research Council for Eurasia and Africa commissioned The Futures Company to conduct this study.

Its purpose is to identify ways retailers can ‘connect with consumers’ to arrive at solutions that improve both lives and businesses — for the long-term benefit of all. Its central hypothesis, tested and confirmed by in-depth research, is that effective action on sustainability depends on putting people first.

## Who should read this report?

This report summarises the conclusions of the study and sets out recommendations. Its primary audience is retailers in Eurasia and Africa. However, much of the material



is relevant to other constituencies — both in Eurasia and Africa and elsewhere. These include:

- Consumer product marketers seeking to optimize their collaborations with retailers and their communications with shoppers and consumers.
- Universities and business schools offering courses or modules in retailing, distribution and the development of consumption and shopping habits.
- Institutions engaged in sustainability programmes and co-ordinating activities between the general population and food retailers.

## Invitation to readers

One of the aims of this report is to expand the ‘bank’ of knowledge on sustainable solutions by stimulating sharing of additional case studies.

During the year following the publication of this report, The Coca-Cola Retailing Research Council would like to encourage retailers to share case studies and best-in-class programmes related to sustainability in retail for possible publication on [www.ccrcc.org](http://www.ccrcc.org). Please connect to the CCRRC website and follow instructions for submitting testimonials and examples related to sustainable practices in retail.

## The Coca-Cola Retailing Research Council – Eurasia & Africa

The Coca-Cola Retailing Research Council for Eurasia and Africa (CCRRC EAG) was created at the end of 2010, joining the five other Coca-Cola Retailing Research Councils worldwide (Asia, Europe, Latin America, North America and NACS).

Its purpose is to determine the most important issues and opportunities for the retailing business in Eurasia and Africa and commission relevant research from independent third parties.

The research programme, which encourages the wide public dissemination of findings, is independent of The Coca-Cola Company and carried out under the guidance of the Retailing Research Council on behalf of the industry.

Council members, detailed below, sign on for a four-year term and work in a co-operative, non-competitive, environment. They are all senior executives of food retailing companies and represent most key retail markets and formats.

NAME	COMPANY	TITLE	GEOGRAPHY
Ilya Yakubson	Dixy Group	President The Dixy Group Chairman of The Coca-Cola Retailing Research Council-EAG	Russia
Atul Shah	Nakumatt Holdings Ltd	Managing Director	Kenya
Cem Rodoslu	Migros Ticaret A.S.	Assistant General Manager	Turkey
Frank Witek	Majid Al Futtaim Retail LLC (Carrefour )	CEO	MENA-CCAR Iran, Iraq, Pakistan
Haci Duran Beğendik	Beğendik A.S	President of the Executive Board	Turkey
Jamal Mustafa Siddique	Makro-Habib Ltd Pakistan	Managing Director & CEO (until Sept 30 2012) Currently Retail and Sourcing Consultant	Pakistan
Jay Pillay	Vivo Energy S.A. Shell Licensee	Convenience Retail Director Africa (until March 31 2013) Currently Consultant	Africa
Omar Seoudi	Seoudi Supermarkets	CEO	Egypt
Peter Arnold	Pick 'n Pay	Food Merchandise Director (until January 3, 2014)	South Africa
Raj Jain	Wal*Mart	President (until July 2013)	India
Roelf Venter	Spar Group Ltd	Chairman of the Spar Guild of Southern Africa	South Africa
Thomas Varghese	Aditya Birla Group Ltd	Business Head & CEO (Textile Business) Member of the Business Review Council for Pantaloons Apparel	Asia and North Africa
Vadim Korsunsky	O'key Group of Companies	Commercial Director	Russia
Dominique Tesniere	DTMT Consult	The Coca-Cola Retailing Research Council - EAG Research Director	Eurasia & Africa

This study is the second one published by the CCRRC for Eurasia and Africa. The first one, entitled 'Understanding Shopper Loyalty within Different Retail Formats', was issued in 2012 and can be downloaded from the CCRRC website: [www.ccrcc.org](http://www.ccrcc.org)

Through the Coca-Cola Retailing Research Councils, The Coca-Cola Company has been supporting independent research about retailing topics for more than 35 years.

Initiated in the US in 1978, the councils have developed and published, throughout the world, more than 50 studies investigating the most pressing issues facing food retailers. Taken together, the body of knowledge produced by the councils is unrivalled in the food retail industry, and provides a considerable amount of valuable learning and insights as well as an important guide to the future of food retail.

Retailers are using this knowledge base internally, combining it with their proprietary insights to create competitive advantage. Applications are numerous, but seldom shared, for confidentiality reasons.

## Consultant for this study: The Futures Company

The Futures Company (TFC) is a strategic insight and innovation consultancy with unparalleled global expertise in foresight and futures. TFC is a team of consultants, researchers and futures experts who unlock new sources of growth for clients through a range of consulting solutions and subscription services. All of the original research in this report was conducted by TFC and the data was sourced from TFC's proprietary global quantitative study GLOBAL MONITOR®, which is an annual study on attitudes and values in 23 countries around the world. For additional information, see appendix.

This report was researched and written by:

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Henry Tucker, Managing Director of EMEA, The Futures Company



About this report

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# Purposes and Principles



This report, based on research commissioned by the Coca-Cola Retailing Research Council and carried out by The Futures Company, does not reprise, in any detail, the arguments for sustainability — or aim to contribute to the wider debate on environmentalism and corporate social responsibility. Its purpose is to provide a practical guide to the design and implementation of solutions that improve the lives of people in Eurasia and Africa and support business growth for retailers.

It acknowledges there is a range of actions corporations, including retailers, must commit to as part of integrated social responsibility programmes — and that a holistic approach to sustainability is essential. It does not, however, focus on a breadth of initiatives or contemplate the entire spectrum of initiatives that retailers can undertake. Instead, it looks in depth at the consumer facing initiatives that can help retailers build a stronger connection with consumers.

The key question addressed by the research is:

**How can companies in the retail sector in Eurasia and Africa contribute to a more sustainable world in ways that benefit their businesses?**



## Frame of reference

The report is predicated mainly on four principles, four ‘givens’.

- Sustainability is an opportunity as well as an obligation for business.
- The visibility and importance of retailers in communities mean they have a central role to play in removing barriers to sustainability — and this role can be used *profitably*.
- ‘Connecting with’ consumers on the issue of sustainability depends on detailed understanding of their priorities — and these priorities vary significantly by country and market segment.
- The ‘unmet social needs’ of consumers and communities present opportunities for business innovation.<sup>1</sup>

The over-arching principle of the report can be summarised as follows: sustainable solutions can improve the performance of businesses if they connect with the needs of consumers.

The report defines ‘sustainable business’ as business that protects both long-term commercial interests and the long-term interests of people and society.

In other words, it sees sustainability as a point where the economic, social and environmental responsibilities of businesses converge.

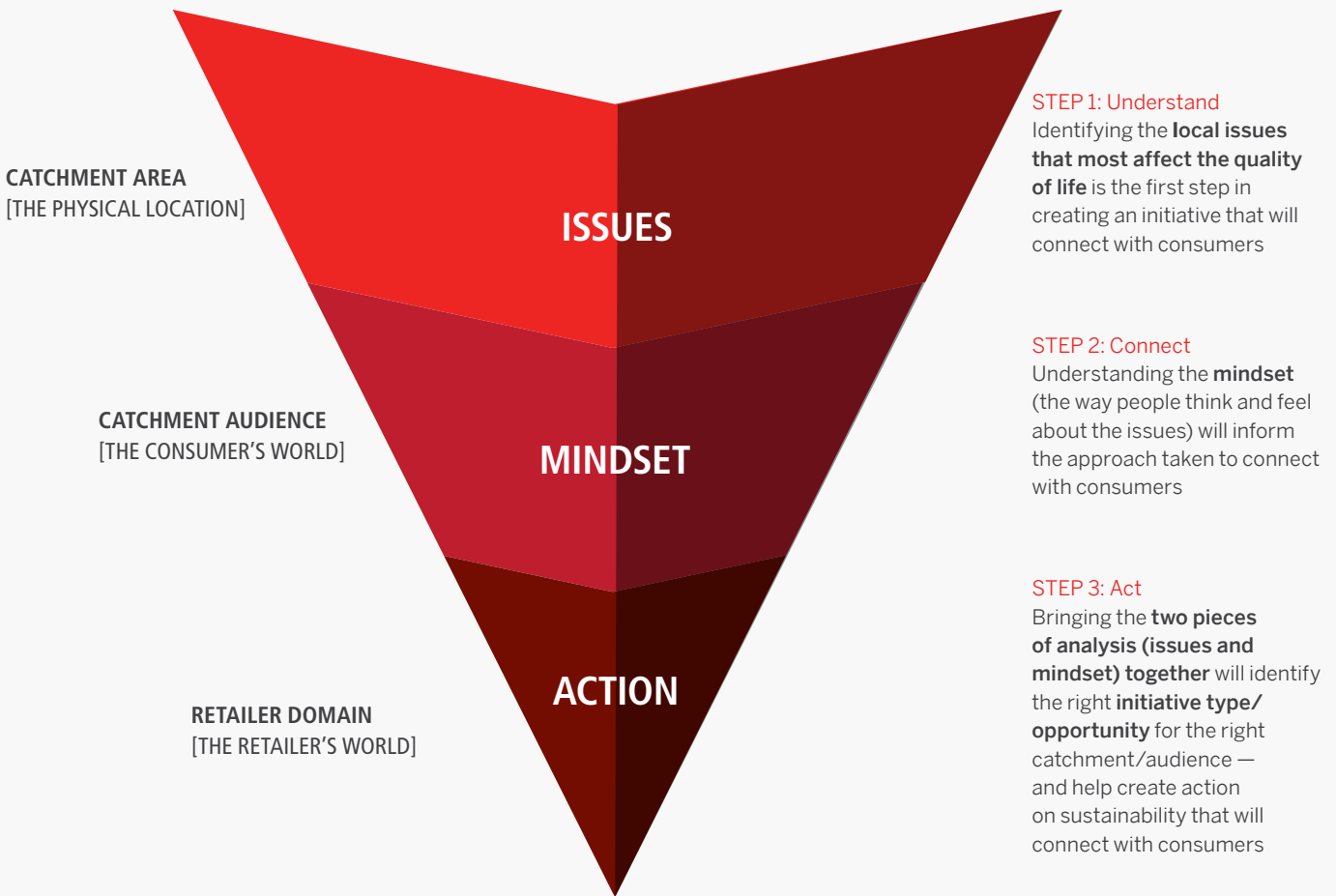
*“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”*

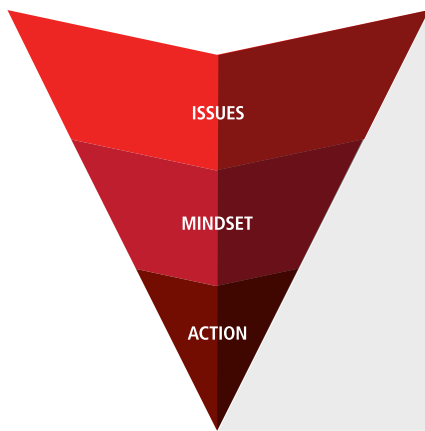
United Nations World Commission on Environment and Development (WCED), ‘Our Common Future’, 1987

<sup>1</sup> Michael E. Porter and Mark R. Kramer, ‘Creating Shared Value’, Harvard Business Review, January-February 2011 (<http://hbr.org/2011/01/the-big-idea-creating-shared-value>)

## How the report is structured

A step by step route to action





**Issues**

What are the issues affecting quality of life in the area?

**Mindset**

How do people experience or view these issues?

**Action**

What can a retailer do to help resolve these issues in a way that connects with people?

**Structure**

The report puts forward a three-step model for sustainable business solutions:

- Understand
- Connect
- Act

Consequently, its core content is divided into three chapters. The first identifies important issues and priorities for consumers in markets in Eurasia and Africa, uncovered by original, primary research. The second identifies three ‘mindsets’ that enable retailers to connect with consumers on these issues. And the third, and most important, chapter explains how to use the mindsets and knowledge of the consumer to develop initiatives that create value. This final chapter provides a practical tool for retailers. It is designed to allow readers to use the findings of the report in the context of their own retail catchment area — and to concentrate resources on initiatives that would work best for them.

The three chapters are preceded by an introduction that explains the thinking behind the report and the hypotheses that were developed and tested.

**Research methods**

The report is based largely on primary and qualitative research in five countries: Turkey, India, Russia, Kenya and Oman. All research took place between June 2013 to October 2013.

This fieldwork was preceded by in-depth analysis of The Futures Company’s proprietary global data on

attitudes, values and sustainable behaviour. This analysis was supplemented by a literature review to develop hypotheses about sustainability and consumers’ ‘relationship’ with it.

The qualitative research sessions started by exploring how people achieve improvements to their ‘quality of life’ and what holds them back — rather than what the concept of sustainability means to them. The Futures Company spent time with consumers in their homes and in their communities — and then connected to local retailers to understand where interests might converge.

Projective techniques based on imagery were used to allow consumers to put the concept of sustainability into their own words. The findings of the fieldwork were subsequently validated by ‘trend spotting’ research in five markets: Saudi Arabia, South Africa, Pakistan, Nigeria and Egypt.

GLOBAL MONITOR® is a global study run annually by The Futures Company that gathers responses from over 26,000 consumers aged 16+ across 22 countries. The sample size in Turkey, Saudi Arabia and South Africa is c. 1,000. In Russia, the sample size is c.1,500, and in India c.2,500. Data are collected through both face to face interviewing and online research. For India, Russia, Turkey, South Africa and Saudi Arabia, the results are weighted to be urban-representative. The research for the 2013 study was completed between February and April 2013.

The Futures Company employs a global network of trendspotters in over 50 countries worldwide. They are culturally-connected, leading-edge people able to understand and interpret the local mood, and track all the major changes in their cities and countries.

# Introduction



# A new sustainability springboard for retailers

*"Companies that are breaking the mold are moving beyond corporate social responsibility to social innovation. These companies are the vanguard of the new paradigm. They view community needs as opportunities to develop ideas and demonstrate business technologies, to find and serve new markets, and to solve long-standing business problems."*

Rosabeth Moss Kanter, "From Spare Change to Real Change: The Social Sector as a Beta Site for Business Innovation" in 'Harvard Business Review on Business Model Innovation', Harvard Business Press, 2010

Rising populations mean we will need to produce 50% more food by 2050; while climate change, land degradation, water scarcity and crop infestations could cut 25% off global food supply by 2050.

United Nations Environment Programme, 'The Environmental Food Crisis', February 2009([http://www.grida.no/files/publications/FoodCrisis\\_lores.pdf](http://www.grida.no/files/publications/FoodCrisis_lores.pdf))

**How can companies in the retail sector in Eurasia and Africa contribute to a more sustainable world in ways that benefit their businesses? The answer is a new way of thinking about sustainability that connects directly with the needs of consumers and the needs of their local environments.**

Macro-economic, social and demographic changes are making the case for sustainability more urgent. As more countries become industrialised, and the global population grows, competition for resources increases — and so does the threat to the environment.

As economic development lifts people out of poverty it poses new and different risks to their welfare and health.

Companies are now under intense pressure — from both policymakers and the public — to protect the future of communities and to measure and report their environmental and social 'performance'. The International Integrated Reporting Council proposes that a series of 'non-financial capitals', including 'natural' and 'social and relationship' capital, are included in accounts.

Sustainable development is increasingly seen as one of the duties of directors and business leaders. At the same time, however, there is growing recognition that it's in the interests of shareholders as well as stakeholders.

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*According to Millward Brown's BrandZ study, brands that over-index on purpose and commitment, representing businesses that appear to have a purpose beyond profit, have increased 87% in value in five years — roughly twice as fast as those that don't. Jim Stengel (former global marketing officer at P&G) put together with Millward Brown a basket of 50 of the most 'purpose-driven' brands, and found they outperformed the US S&P 500 by almost 400%.<sup>2</sup>*

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Nonetheless, major obstacles to sustainable development and sustainable business remain. One of the most significant of these is resistance from consumers.

Although most people around the world say they are concerned about issues related to sustainability and consider tackling them a priority, use of the world's resources remains profligate. There's often a mismatch between consumer concern and consumer behaviour.

- In its 2009 Green Brands Survey, Penn Schoen Berland found that 77% of Americans say they would like to consume in a more sustainable way, but their actions do not reflect these good intentions.
- An opinion survey by Britain's Energy Savings Trust found around 80% of the public believes that climate change is a major problem and wants the government to let them know what they can do to save energy, but only 60% of the same sample is actually doing something to reduce their personal energy use.
- An EcoPinon survey conducted by EcoAlign found 90% of Americans value energy efficiency but only 3% turn their PC off at night.<sup>3</sup>

By mid-century, two-thirds of the world's population will live in cities, compared to just over half today. In these crowded centres of opportunity, pollution, inequality and social strains will be more pressing.

United Nations Department of Economics & Social Affairs, 'World Urbanization Prospects, 2011 Revision', March 2012. ([http://esa.un.org/unpd/wup/pdf/WUP2011\\_Highlights.pdf](http://esa.un.org/unpd/wup/pdf/WUP2011_Highlights.pdf))

**78%** of consumers say: "I expect companies whose products I buy to take steps to avoid damaging the environment."

Four-market average (Russia, Turkey, India, South Africa), TFC Global MONITOR 2013, base n>5,950

**64%** of consumers say they have made "living an environmentally conscious life" a high priority.

(Top 4 boxes on a 10 point scale where 10= "I have made it a top priority to live an environmentally conscious lifestyle" and 1="I never worry about green and environmental issues very much, I have other priorities in my life")

Four-market average (Russia, Turkey, India, South Africa), TFC Global MONITOR 2013, base n>5,950

<sup>2</sup> Jo Roberts, 'The Top 100 Most Valuable Global Brands', Marketing Week, May 2012 ([http://www.millwardbrown.com/Libraries/MB\\_News\\_Files/MillwardBrown\\_MarketingWeek\\_BrandZ\\_Top\\_100\\_2012.sflb.ashx](http://www.millwardbrown.com/Libraries/MB_News_Files/MillwardBrown_MarketingWeek_BrandZ_Top_100_2012.sflb.ashx))

<sup>3</sup> Graceann Bennett & Freya Williams, Ogilvy & Mather, 'Mainstream Green: Moving sustainability from niche to normal', The Red Papers, 2011 ([https://assets.ogilvy.com/truffles\\_email/ogilvyearth/Mainstream\\_Green.pdf](https://assets.ogilvy.com/truffles_email/ogilvyearth/Mainstream_Green.pdf))

**78%** agree:  
"I don't feel that I can make  
much difference on my own."

Four-market average (Russia, Turkey, India, Saudi Arabia), TFC Global MONITOR 2012, base n>6,600

**66%** agree:  
"I don't think I should do more  
when others are far more  
responsible for environmental  
problems."

Four-market average (Russia, Turkey, India, Saudi Arabia), TFC Global MONITOR 2012, base n>6,600

**64%** of  
consumers agree that: "Most  
companies only make claims  
about their socially responsible  
efforts to try to sell me more  
of their products."

Four-market average (Russia, Turkey, India, South Africa), TFC Global MONITOR 2013, base n>5,950

## Barriers to consumer engagement

There are multiple reasons why, in reality, people fail to connect with the sustainability cause. These fall, broadly, into two categories: attitudinal barriers; practical or contextual barriers.

### Attitudinal barriers

- **'Too big to solve'**: Consumers often feel they lack the power to make a difference: they struggle to see what impact they could possibly have on a problem that seems so big and complex. This often leads to inertia and resignation.
- **'Not my responsibility'**: People sometimes believe that it's necessary for governments or big corporations to act first and lead by example before the general population can follow.
- **'Suspicious of their motives'**: Many consumers, especially in more developed markets, are suspicious of businesses that invest in sustainability initiatives, and tend to think they're acting purely out of self-interest.

### Practical or contextual barriers

- **Lack of choice**: Depending on levels of economic development and wealth distribution, the access to and availability of sustainable products can be limited. Consumers in less developed countries in particular are unlikely to have the choice of more sustainable options.
- **Lack of awareness and understanding**: Not having enough information on an issue to understand why it is important, or worth caring about, is a significant barrier in some markets. In such markets, there is often a disconnect between the sustainability issue and the contribution consumers see themselves as making in terms of causing the problem (e.g., they worry about pollution, but don't see the link to their own unsustainable ways of disposing of refuse.)
- **Lack of infrastructure for sustainable behaviour**: In some markets, consumers who do understand the importance of sustainability issues are stymied by lack of infrastructure (e.g., waste disposal systems).

## Understanding the barriers

How can barriers to consumer engagement be brought down? To answer that question, you have first to think about what created them. Extensive analysis of The Futures Company's proprietary data, supplemented by a literature review, suggests the problems are rooted largely in the way sustainability has been 'imagined' and 'conceptualised' by governments and policymakers and commentators and experts.

Historic and Western-centric sustainability discourse has (understandably) tended to use the 'problem to be solved' approach rather than the 'opportunity to create a better future' approach as the starting point for developing initiatives and campaigns.

More specifically, three things have distanced consumers and shaped the perceptions of businesses.

### 1. One dimensional rather than multi-dimensional definition

An initial focus on environmental issues has narrowed people's understanding of what sustainability is about and the social and economic benefits of sustainable 'behaviours'. (People tend to disengage if they perceive sustainability to be related to environmental issues alone. In reality, sustainability is a holistic and multi-dimensional concept, which covers a range of issues.)

### 2. Global and 'macro' context

The initial approach to campaigns to combat climate change was to scare people into action. Visions of what 'doing nothing' might mean for the future have been apocalyptic and painted on a grand scale.

As a result, people have found it difficult to see how the issue relates directly to them in the 'here and now' and to their daily lives — or come to believe it's futile for them to try to 'take part'. (The fact that climate change and global warming are the subject of scientific inquiry as well as ideological debate has exacerbated the problem. People have come to see sustainability as something that is too complex for them to understand — and as too abstract to have 'real meaning' for them.)

### 3. Negative rather than positive approach

Allied to one and two above is an over-emphasis on the negative impact of failure to take action. Consumers (and businesses) have come to see sustainability as something they 'have' to do — rather than as a chance to make things better. (In other words, the approach has tended to be reactive rather than pro-active, emphasising the need to correct past mistakes rather than the need to progress.)

**80%** agree:  
"The places I shop do not offer green alternatives."

Four-market average (Russia, Turkey, India, Saudi Arabia), TFC Global MONITOR 2012, base n>6,600

**77%** agree:  
"I don't know what else I could be doing."

Four-market average (Russia, Turkey, India, Saudi Arabia), TFC Global MONITOR 2012, base n>6,600

**80%** agree:  
"I don't have easy access to recycling facilities."

Four-market average (Russia, Turkey, India, Saudi Arabia), TFC Global MONITOR 2012, base n>6,600



## Overcoming barriers

All this means that connecting with consumers on the issue of sustainability depends on 'reframing' the concept.

Companies operating in newly industrialised countries and emerging markets can learn from the mistakes of the past and the lessons of the West — and take a fresh approach to sustainable business.

The main hypothesis tested and validated by the primary research for this report was that:

**Retailers committed to sustainable business will meet resistance from consumers in Eurasia and Africa unless they focus on solutions that improve the quality of life.**

There were three other, related hypotheses:

1. **Broadening the definition of sustainability makes it easier to tell the human story — and for people to see their part in causing the problems, their role in solving them and how taking action will benefit them.**
2. **Talking about sustainability in a way that refers to local problems and local solutions makes it easier for consumers to understand and engage with the concept.**
3. **By taking a proactive, forward-looking approach and talking about what can be achieved in the future by making positive changes, retailers can help counter some of the determinist narrative on sustainability and the feeling of disempowerment that exists among consumers.**

All these hypotheses were confirmed by qualitative research in Turkey, India, Russia, Kenya and Oman and further validated by a qualitative exploration of attitudes and trends in Saudi Arabia, South Africa, Pakistan, Nigeria and Egypt.

**62%** of consumers say "I only buy products that are good for the environment if they have a personal benefit for me, e.g. cost less, save money in the long run, or have superior performance."

Four-market average (Russia, Turkey, India, South Africa), TFC Global MONITOR 2013, base n>5,950

This report finds that consumers in markets in Eurasia and Africa are interested in sustainability issues but that they don't think of them as such. Instead, they frame them in the context of their own needs, motivations and local circumstances, being primarily concerned with their own quality of life. The corollary is that retailers that want to connect with consumers in the interests of sustainable business need to find solutions that address consumers' personal, emotional and local needs.

People are, naturally, focused on their immediate surroundings and context (or 'catchment areas') and want to see tangible improvements in the environment close to them. The starting point for sustainable business, therefore, is not the 'big issue' or problem that needs to be solved but the local consumer's quality of life. With this starting point, the design, implementation and communication of sustainable solutions and initiatives starts to change.

The hypothetical example on the next page will help to explain the difference between the traditional and 'new' approaches to sustainability.



*"For the majority of Egyptians living outside of the big cities and in rural areas, sustainability means making the most of resources and not depleting them. Sustainable living thus revolves around curbed spending, less waste, treating the earth well (so it is more productive) and sharing resources. In a Nubian village near Aswan most resources are shared amongst households. That is, different cooking appliances can be found in each house. Each house also represents a source of particular resources. For example, the house that has the biggest garden planted fruits and vegetables. A third of this garden's produce is used by the household itself, whilst the rest of it is appropriated to the rest of the village."*

TFC Trendspotter, Egypt. See appendix for more details.



### **Scenario 1:** The Traditional definition of sustainability (a problem to be solved)

**Starting point:** Sustainability is a problem to be solved — “We need to reduce energy consumption in-store in order to conform to government regulations.”

**What the company asks itself:** How can we reduce our energy consumption?

**What the company does:** Implements an initiative to reduce energy consumption; reduces store hours, trains staff on energy-saving tips, upgrades machinery to newer models and therefore uses less energy in the long term.

**What the company says to its consumers:** “We have reduced our energy consumption, so our stores have a lower impact on the environment than others.”

**What the consumer thinks:** “I do worry about the environment, so I think it’s great that this company is working to reduce its energy consumption. But those are global problems — and they feel too big for me to solve. The reality is that my priority is to get the best deal for me and my family. The choices that I make are based on maintaining or improving our quality of life. Unless I can see the benefit for me and my family, I am unlikely to change my behaviour.”

**What the consumer does:** Continues to make choices based on the factors that have a direct impact on their quality of life (e.g., price, quality, safety, taste etc.)

### **Scenario 2:** New definition of sustainability (improvements to quality of life)

**Starting point:** Sustainability is a way of addressing quality-of-life issues — “Cost of living is high and is increasing. Our consumers are feeling under pressure to get more for their money.”

**What the company asks itself:** How can we create efficiencies in our business and pass some of the savings on to the consumer?

**What the company does:** Implements initiatives to reduce energy consumption and, therefore, reduce overhead costs.

**What the company says to its consumers:** “We know you want your money to be paying for high-quality products to feed your family, and we know that sometimes it feels as if you’re paying for the high cost of operating the store rather than the product itself. So we’ve pledged to reduce our energy costs, so we can get the best products to you and your family for less, while also reducing the impact on the environment.”

**What the consumer thinks:** “This company understands that my priority is to provide the best I can for me and my family, especially when it comes to being able to give them the best quality food products I can afford. It is trying to help me by investing in things that make my money go further. I will choose it more often, because it cares about the things I care about.”

**What the consumer does:** Reconsiders their choice based on knowing that the company cares about their quality of life.

## The retail ‘advantage’

Companies in the retail sector are in a particularly strong position to exploit the new way of thinking about sustainability and to understand and connect with consumers. Highly visible in communities, providing a broad range of goods and services (from food to fuel and telecommunications to medicine) and often seen as ‘social hubs’, they are already closely associated with the quality of people’s lives.

Their role in the community sets them apart from other types of businesses and brands, and means they are not regarded with the same degree of cynicism when it comes to socially responsible initiatives. Smaller retailers in particular enjoy a close and tangible relationship with consumers.

The case for applying a new framework for sustainability that connects more directly with consumers and sees sustainability as an ‘integrated opportunity’ is powerful. Aligning with local people to build healthier, wealthier communities increases shopper loyalty and delivers commercial benefits over the long term. It creates a virtuous circle of social and economic ‘good’ and profits and re-investment.

Previous studies by the Coca-Cola Retailing Research Council have shown that shopper loyalty is partly contingent on locally relevant solutions. It’s not sufficient to take a ‘top-down’ generic approach to sustainability: initiatives have to be local-consumer-led.

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*“Shoppers are very different, as are their needs, by catchment area. A generalized approach to formats driving overall channel loyalty does not answer shopper need in specific catchment areas. Consequently, retail formats have to drive performance bottom-up from the individual store level, as opposed to just offering an average top-down solution.”<sup>4</sup>*

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**49%** of consumers feel a lot of anger and say, “big businesses maximize profit at the expense of the community and consumers.”

Four-market average (Russia, Turkey, India, South Africa), TFC Global MONITOR 2013, base n>5,950

<sup>4</sup>Coca-Cola Retailing Research Council Eurasia & Africa, ‘Understanding shopper loyalty within different retail formats in Eurasia & Africa’, 2012 (<http://ccrrc.org/studies/understanding-shopper-loyalty-within-different-retail-formats/>)



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*"If everyone does their part and looks at what is needed in the community it's fine, but people are busy in Mumbai. It's an intense life and sometimes we can't focus on these things."*

Male, Mumbai, 29

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## Sustainable solutions

### A three-step model

This report aims to show readers how they can create sustainability initiatives that truly connect with consumers, by starting with a new definition of sustainability based on quality of life.

Split into three chapters, it's based on a simple three-step, linear model:

- **Step 1: Understand** the issues that are most important to consumers.
- **Step 2: Connect** with consumers through their 'mindsets' and needs and motivations.
- **Step 3: Act** through initiatives that both improve lives and increase profits.

The final chapter, 'Act', is sub-divided into nine models or solutions for sustainable retail. These models are supported and illustrated by case studies and proven examples, and summarised in the form of a grid. Readers can use the grid to match issues and mindsets to models that work.

The report is based partly on research in Turkey, India, Kenya, Russia and Oman, but it provides a framework that can be used by retailers across Eurasia and Africa. None of its key principles is market-specific.

Above all else, the report aims to provide a practical guide. Checklists at the end of every chapter prompt readers to answer questions about their own catchment areas 'as they go' and combine to form a planning tool for sustainable retail.

The central tenet of this report is that to connect with consumers successfully, retailers should develop initiatives based on locally relevant issues and an understanding of the mindset (start-point) of their consumers.

The important factor is specific knowledge of specific consumers. Readers of this report will have wide and varied consumer bases. Some, such as local independent retailers, will aim to connect with quite a small target group, while others, such as a national or regional chain, will have a broader and more complex focus. The findings can meet a spectrum of needs. The 'putting it into practice section' in each chapter looks at how different readers, with different targets, can get the most from the report.

You can use this report, then, as follows :

- Read Chapter 1, think about the issues most relevant in your catchment area(s) and fill in the box at the end;
- Read Chapter 2, think about how your consumers think and feel about their lives and fill in the box at the end;
- Read Chapter 3 and match the answers you gave at the end of the first two chapters to squares on the grid.
- Bring everything together as a planning tool to help develop initiatives that work.

## Planning tool

This report has been designed so that you can use it to identify the right type of sustainability initiative to connect with your consumers. It takes you through three stages, which help you refine and filter your knowledge of your own market, and decide where to focus resources in terms of sustainability initiatives.

The form below is a planning tool. You can use it as you read the report to apply insights to your own market and audience.

### STEP 1: UNDERSTAND

Chapter 1 will help you answer this question:

**What issues most affect the quality of life of consumers in my catchment?**

**And therefore which issue area should I focus my resources on?**

- Wellbeing     Community     Infrastructure

	Resourceful	Progress-driven	Established
Wellbeing			
Community			
Infrastructure			

### STEP 2: CONNECT

Chapter 2 will help you answer this question:

**What is the mindset of consumers in my catchment (i.e. how do they view and experience the issues identified in Step 1)?**

- Resourceful     Progress Driven  
 Established

	Resourceful	Progress-driven	Established
Wellbeing			
Community			
Infrastructure			

### STEP 3: ACT

Chapter 3 will help you answer this question:

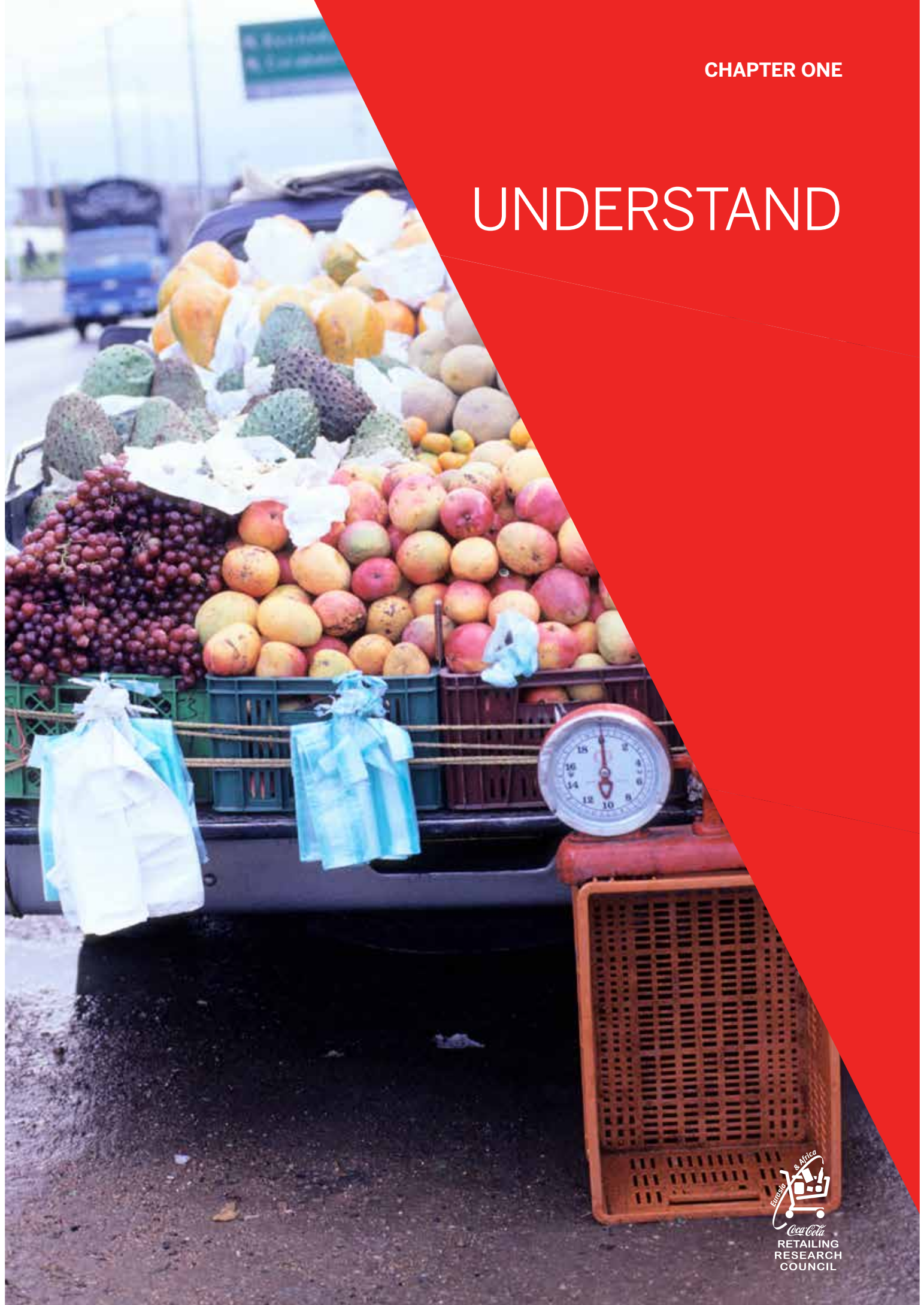
**Given the issues I have prioritised about my catchment, and the mindset(s) I have identified as most relevant to my audience, which model is/models are most appropriate to connect with my consumers?**

**And therefore what examples could I learn from and use to develop my own sustainability initiative?**

- Making the most     Reassurance     Healthier choices  
 Empowering & transforming     Advancing my neighbourhood     Feeling involved  
 Gaining needed infrastructure     Enjoying more supportive systems     Feel good satisfaction

	Resourceful	Progress-driven	Established
Wellbeing	1. Making the most Educate & Equip to improve Wellbeing	2. Reassurance Demonstrate & Facilitate to support Wellbeing	3. Healthier choices Inform & Inspire to enhance Wellbeing
Community	4. Empowering and transforming Educate & Equip to build Community	5. Advancing my neighbourhood Demonstrate & Facilitate to involve in Community	6. Feeling involved Inform & Inspire to contribute to Community
Infrastructure	7. Gaining needed infrastructure Educate & Equip to develop Infrastructure	8. Enjoying better, more supportive systems Demonstrate & Facilitate to improve Infrastructure	9. Feel-good satisfaction Inform & Inspire to get the most from Infrastructure

# UNDERSTAND





## Chapter 1: Understand

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# What issues most affect the quality of life of consumers?



Our desk research for this report suggested that all consumers, no matter what their market, catchment area and circumstances, have one key thing that they are trying to achieve: **progress and improvement in their quality of life.**

Progress and improvement can be defined as the things that make it possible for people and their families to reach their full potential — as individuals and as a local or family unit. They often come from initiatives that businesses and governments might think of as sustainable development — but consumers might not define or, crucially, experience as such. People, as the introduction to this report makes clear, are mostly concerned with immediate and personal social, economic and environmental benefits. They engage with sustainability at a micro or local level — and this can be especially true in poorer or developing countries where the ‘here and now’ can matter more than the future.

What are the quality of life issues that are most important to consumers? Where can retailers take reasonable action to improve the lives of people in Eurasia and Africa in ways that benefit their businesses? What are the quality-of-life opportunities for retailers? These were some of the questions we explored in our qualitative research. This chapter briefly explains our methods — and presents our findings.



## Identifying issues for consumers

The first stage of our qualitative field work involved in-depth ethnographic research in five key markets in Eurasia and Africa — Turkey, Russia, India, Kenya and Oman — to identify the issues that are most important for consumers. Rather than asking people about their concerns directly, we used projective techniques. These techniques provide more accurate ‘readings’ and deeper insights: they encourage people to respond more authentically and help prevent them being ‘led’ by the researcher. Consumers were shown a series of images related to sustainability and asked to develop narratives about them with themselves as ‘protagonists’.

TFC data was used to understand which issues people were most likely to be concerned and affected by. TFC selected images based on this data to conduct the qualitative research (See data on following pages).

## Issues that 'affect me or my family directly'

	% Concerned a lot	% Affected a lot
Pollution (e.g air and water pollution)	73	54
Litter and waste in the streets	69	53
A lack of adequate healthcare systems in your country	65	47
The loss of natural habitats and green spaces	65	42
Toxins in food, drinks and other products	64	46
Crime in your local area or community	61	41
People and communities being too poor to properly feed, clothe and house themselves	55	30
Discrimination against women	55	33
Water shortages	54	32
Discrimination against ethnic or religious groups	46	28
Extreme weather conditions e.g. storms, floods or droughts	44	27
Unethical treatment of workers in factories and suppliers (e.g farmers)	43	24
Food shortages	42	24

Four-market average (Russia, Turkey, India, South Africa), TFC Global MONITOR 2013, base n>5,950

Note: This is the complete list of issues respondents were asked to rank, as part of the sustainability portion of the survey. Social issues such as education were intentionally left off the list.

## Issues that affect me or my family directly (country specific data)



### **Russia, Top 3 issues**

1. The lack of adequate healthcare systems
2. Litter and waste in the streets
3. Pollution (e.g. air and water pollution)

### **Turkey, Top 3 issues**

1. Pollution (e.g. air and water pollution)
2. Toxins in food, drinks and other products
3. The loss of natural habitats and green spaces

### **India, Top 3 issues**

1. Pollution (e.g. air and water pollution)
2. Litter and waste in the streets
3. The loss of natural habitats and green spaces

### **South Africa, Top 3 issues**

1. Crime in the local area or community
2. Litter and waste in the streets
3. The lack of adequate healthcare systems

TFC Global MONITOR 2013, Russia n=1,508, Turkey, n=1,039, India, n=2,436, South Africa, n=994



# Through our qualitative research, we developed a rich picture of consumer priorities in each market.

## Russia

**52%** of Russians think buying “only ethically produced goods” is very important, compared to an average of 54% in Turkey, India and South Africa.”

TFC Global MONITOR 2013, Russia n=1,508

*“It’s very difficult to trust any of the certifications – even if they have the logo. The manufacturer might just have paid for the certificate.”*

Male, 42, Moscow



## Kenya

*“It’s not a very clean environment or safe ... there is a lot of pollution ...In the street, there are always people dumping things, and the children play in that environment, there is rubbish everywhere.”* Female, 42, Nairobi

*“I’m focused on the necessities. When I say necessities I mean education, good health and steady income. You have to work on a budget. You have to work hard for something to get good education, good health and security as well.”*

Male, 25, Nairobi



## India

**64%** of consumers in India agree they can make a difference to the world around them through the choices they make.

TFC Global MONITOR 2013, India n=2,436

*“Everything in India is becoming more competitive. We have to be focused on jobs, education and caring for our families. Everyone is trying to achieve the same things, and resources are more limited.”* Female, 25, Mumbai



## Turkey

**64%** of consumers in Turkey believe that, given the opportunity, most businesses will “take advantage of the public if they feel they are not likely to be found out.”

TFC Global MONITOR 2013, Turkey n=1,039

*“We are living in a city where we can’t drink the water and we have to be worried about the food quality. We have to make the right choices about our food because health is all you have when you get older.”* Female, 50, Turkey



## Oman

*“I really want to make sure my kids get a good education — it is like a weapon they can use to fight to get the opportunities they need.”*

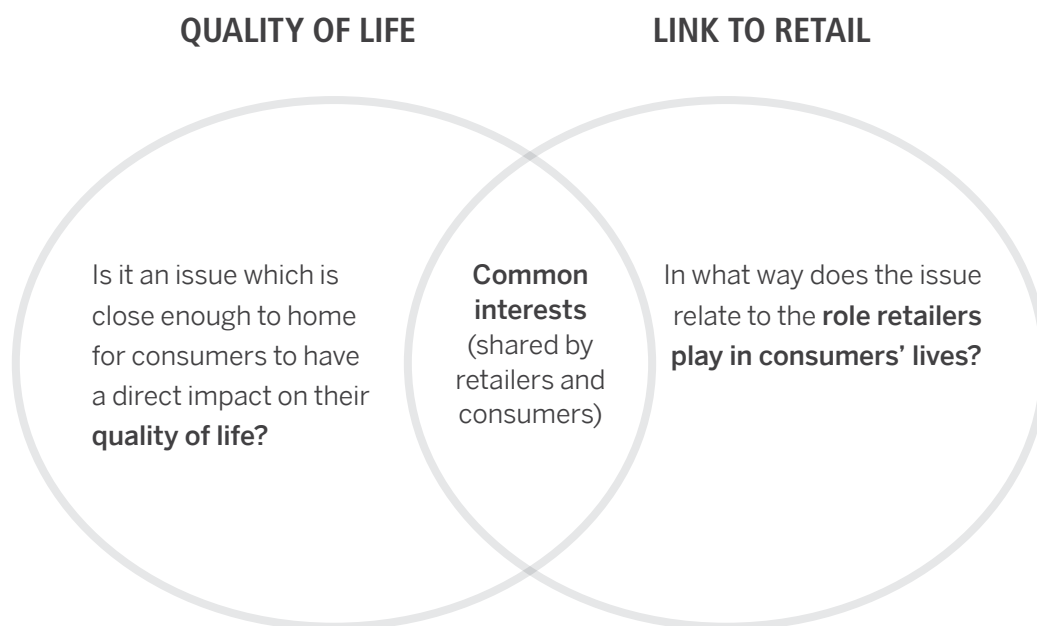
Female, 30, Oman

*“In Oman, many people are getting too rich, and have stopped caring about other people. When they are hungry, they will have a massive plate of food, eat two spoonfuls, and throw away the rest. They forget about people who need this food.”*

Male, 55, Oman



## Identifying the issues that retailers can act on



The next step involved identifying where retailers can credibly play a role — and make a difference.

The ethnographic work explored an extensive range of issues relating to the impact of environmental, social and economic factors on people's quality of life. A process of prioritisation and filtering was carried out to identify which issues were seen to relate closely to the role retailers play in consumers' lives.

Put simply, our priority was to identify realistic commercial opportunities in 'unmet social needs'. In our analysis we explored:

- Is the issue close enough to home to have a direct impact on quality of life?
- Does it relate closely to retailers and the part they play in people's lives?

As noted in the introduction to this report, retailers, trusted intermediaries between manufacturers and consumers, are in a strong position to connect with people on the things that matter most to them — and it should be possible to use this position for mutual advantage.

The filtering and prioritisation process made the general 'overlap of interests' clear:

- Consumers' priority is to provide as good a quality of life as they can for themselves and their families. Their goal is to achieve a good standard of living and to be able to reach their full potential.
- Retailers' priority is to have a strong and reliable source of business — to be able to reach their full potential. Their success depends on how well and how competitively they can provide consumers with the things they need to achieve a good a quality of life.

As an earlier Coca-Cola Retailing Research Council report has asserted:

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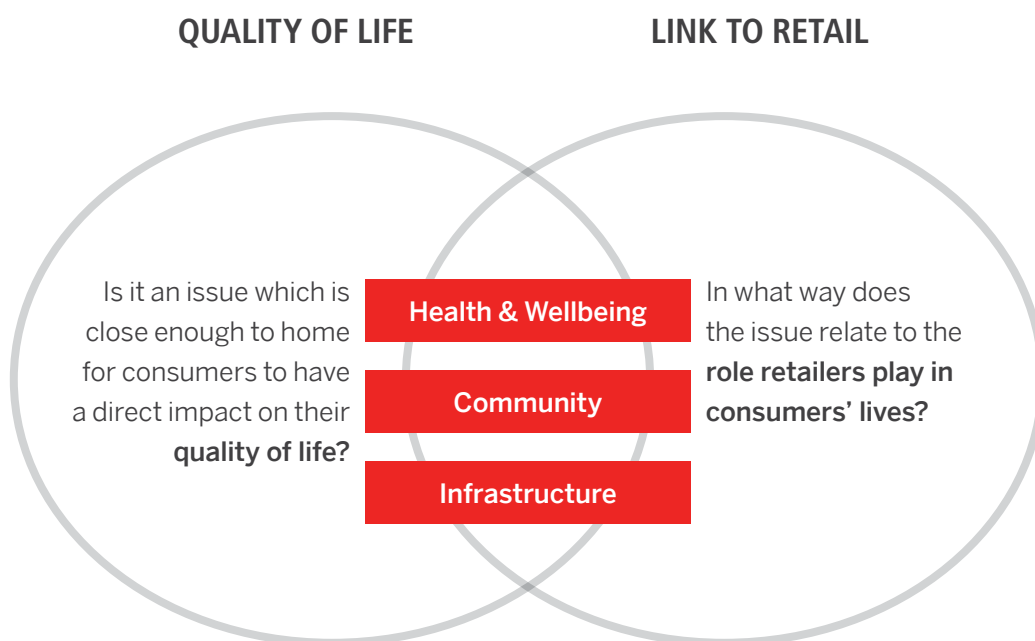
*“A store is a secure setting that, along with merchandise, offers a mix of credit and other services to help consumers enter, understand and succeed in a consumer society. A store is a contact point where retailers help people cope with daily realities and not lose sight of longer term aspirations. This wider role for the stores serves the consumer and is vital for the retailer, whose success depends on cultivating consumers who want and can afford the products offered. In this context, converting a consumer is not simply about making a sale. It is about fostering the sense of entitlement and self-confidence required to become a member of the middle-class and succeed in a consumer-driven society.”<sup>5</sup>*

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<sup>5</sup> The Coca-Cola Retailing Research Council Latin America, 'Retailing In Emergent Markets: Strategic Foundations & Best Practices', 2010 (<https://ccrc.org/studies/retailing-in-emergent-markets-strategic-found-best-practices/>)



## Priorities for people, action points for retailers



We discovered three main areas where there's a need for action that can be met by retailers:

- Health & Wellbeing
- Community
- Infrastructure

These areas represent some of the most important concerns for consumers — and, consequently, some of the best opportunities for retailers to build powerful, long-term connections with people. They span a range of issues, the exact nature of which will vary by country and catchment. It's up to individual retailers to decide where they can make most difference and where to focus their resources. (See 'Putting it into practice' at the end of the chapter.)

## Health & Wellbeing

We found that consumers saw the health and wellbeing of their families as one of their main priorities — and that they looked to retailers to provide products that were safe and reliable and met quality assurance standards (for example, for the sourcing of foods). The link between health and wellbeing and retailers was particularly clear in the demand for food quality and safety and clear information about nutritional values and the composition of products.

*“I think everyone is thinking about this topic. We want to be healthier and we are more concerned about it now. We are worried about the health of our children and we are worried about new types of diseases we haven’t experienced in the past. It would be great if shops had more boards and information on how to live better – like how to eat healthier.”*

Male, Oman, 25 years



## Community

Consumers feel affected by issues in their local communities. Importantly, they see stores as social as well as retail outlets — or points of connection between people. They see the link between retail businesses and benefits for their local ‘networks’ of people — for example, employment and finance and education and training schemes.

*“We used to know all the people living around us, but Mumbai is growing too fast now. There are people everywhere and people who set up informal housing. It’s caused a lot of problems around here. People don’t know each other. We would probably want to work together to make the area nicer, but we don’t know each other. We know the shop owner better than our neighbours.”*

Male, India, 40 years



## Infrastructure/tools for progress

Local infrastructure emerged as one of the biggest barriers to progress — and as the area consumers felt most powerless to control.

Investment by retailers in the **physical infrastructure and amenities** of communities — for example, roads, transport and waste management services — was seen as important.

*“We have endless traffic jams. Now everyone has one or two cars but the roads haven’t got any better or any wider, so there’s nothing but traffic. It really affects the quality of the air, and we don’t have enough trees in the city or green places for the children to play. I don’t like to let my little girl play outside because there’s garbage everywhere. We don’t have the proper systems for waste disposal — everyone does things their own way. It’s not well organised. Some people blame industry and businesses for all the pollution, but I think they could be the answer because they are the ones that have the money, resources and systems to find new solutions. Businesses can help us make progress in this way.”*

Female, 44, Moscow





## Local knowledge of local issues, ‘granular’ analysis for connecting

Naturally, people care most about the things that are tangible and visible in their everyday lives.

Identifying what’s locally relevant, what’s locally resonant, is essential for deciding where to focus resources and for developing initiatives that connect with consumers.

As we’ve said, the particular and specific concerns of consumers in retail catchment areas will vary. It’s not just about identifying the main quality of life issues: it’s about identifying how these issues manifest themselves locally. This can be seen in the market ‘break down’ that follows. Uncovered by our ethnographic research, it underlines the importance of specific consumer insight and knowledge.

## Health & Wellbeing

What is the issue that consumers experience as affecting their quality of life?



**Food quality and sourcing** — In **RUSSIA**, consumers find it difficult to assess where the products they buy come from as labelling is unclear and inconsistent.

Consequently, they prefer to buy certain products — especially those for which the source matters more to them, e.g., meat — from traditional markets, where they can speak to the individual vendor and build a relationship of trust over time.



**Long-term health** — In **OMAN**, consumers are increasingly worried about the healthiness of foods, as the incidence of diabetes, cancer and obesity grows.

People are using word-of-mouth networks to share what they've heard about products. This often takes the form of texts from housewives spreading the news that a particular product, e.g. cornflakes, might not be good for you. Since word of mouth is so trusted, this leads to rapid shifts in purchase behaviour.



**Food quality** — In **TURKEY**, people are accustomed to obtaining key ingredients from local villages (regularly brought in by relatives) and from local street markets. They have high standards for freshness and quality. They strive to maintain this level of quality in all food brought into the home.

People are taking this passion a step further by growing their own vegetables on their roof-tops or balconies.



**Health risks** — In **INDIA**, people are increasingly worried about waste disposal. Most believe waves of immigration and the breakdown of local communities mean fewer people take responsibility for keeping the city clean.

Worries are mainly rooted in the fear of the spread of diseases.

Insanitary waste disposal contradicts strongly ingrained behaviours. Most Indian families re-use and recycle all bottles, newspapers, milk bags, etc. And most receive cash or other products in return for recycling.



**Access to clean water** — In **KENYA**, access to water is an issue for the majority of households — not least because supplies are often contaminated. Even the more affluent households may only have running water for a limited number of days a week.

In order to overcome this problem, consumers find their own solutions to access a water source they trust and to transport and store water. Containers that may have served a different purpose originally — e.g. plastic cooking oil containers or plastic milk bottles — are re-used or recycled for water.



# Community

What is the issue that consumers experience as affecting their quality of life?



**Loss of trusted traders in the community** — In **RUSSIA**, consumers feel a strong link to the countryside (many escape in the summer to their country homes or 'dachas'). Where possible, they buy direct from local farmers, where they feel more community connection and experience more trust.

Many regret the loss of farmers' markets and opportunities to buy directly from producers. There is a desire for outlets in the format of community markets.



**Religious values** — **OMAN** is a devoutly Islamic country, and many consumers here are concerned about smoking, forbidden according to some interpretations of sharia law.

As something that damages the health of communities, smoking is seen as an unsustainable practice.

Some local shops have decided not to stock cigarettes — and there's evidence this is creating a competitive advantage for them. People are visiting these shops more often as they feel they better reflect their values and their religious beliefs.



**Local environment** — Clean water and green space are scarce in **ISTANBUL**, and therefore strongly desired. People can't drink or use water from the tap in their homes, and constant development is reducing the amount of green space.

Recent political protests about excessive development signify the desire for change. People are struggling to resolve the tension between wanting to expand/advance and wanting to control the consequences of modern development.



**Education (finances to support)** — The most important thing in life for most **INDIAN** families is the education or advancement of their children.

Most sacrifice other needs to secure desired schools and follow-up education programmes: "You must do what you need to do to send your child to the proper school."

The issue is seen as one's own responsibility, but that doesn't mean people don't need support to achieve what they want for their children.



**Support for low-income families** — In **KENYA** many consumers have only small and irregular incomes. They manage this with support from community retailers such as their local mom-and-pop shops. These small retailers allow their customers to buy on short-term credit that may be paid off the same day or within a specified period. They also sell smaller quantities of products so that consumers can match spending to their daily budgets.

# Infrastructure

What is the issue that consumers experience as affecting their quality of life?



**Waste disposal** — In **RUSSIA**, there's a lack of formal systems for waste disposal. Refuse collection in many areas is done by informal groups and independent companies that provide services of varying degrees of quality. The provision of facilities for separating recyclable materials is very rare.

Consumers struggle to find solutions themselves for these larger infrastructural issues.



**Places of worship** — In **OMAN**, the basics in terms of sanitation, road infrastructure, etc. are well taken care of. People's main concern is that there aren't enough mosques to meet the needs of the expanding population. Mosques help organise and encourage charitable initiatives and other sustainable behaviours.

Many retailers now offer collection boxes at the till so people can help raise money to build new mosques, but large donors are still greatly needed.



**Overcrowding in urban centres** — In **ISTANBUL** pollution is a major concern. Most people see problems getting worse, with no solutions in sight. People feel they can see the tangible effects of pollution in their homes and their daily lives (e.g. food going off, people getting sick).

Niche community-led initiatives are beginning to put people back in control of their surroundings by encouraging everyone to work together. For example, plastic bottle cap collection sites can be found around the city



**Stressful living conditions** — Daily life in **MUMBAI** can be very stressful for people. Most share space with multiple family members and neighbours. They have shared facilities for water and have to use water filtration systems each day.

Most struggle to get around the city due to overcrowded trains and regular traffic jams, and have to deal with constant noise pollution.

Mass immigration and expansion of slums is causing overcrowding in most neighbourhoods.



**Access to sources of energy** — In **KENYA**, infrastructure for mains gas and electricity is limited. Fuel for cooking is considered an expensive resource for all groups. To overcome this, consumers across all socio-economic groups are using a variety of fuels and cooking methods. For example, a single household may have a gas cooker in the kitchen, but still use a jiko stove in the garden for beans that require slow cooking over a low heat. In the worst cases, consumers are burning any materials — including plastic — to cook food on the jiko stove.



*There's a community in Cairo known as 'zabaleen' — 'the garbage collectors' — where a group of families came together and made a business out of collecting garbage and sorting it, and selling the sorted waste to different factories/companies.*

TFC Trendspotter, Egypt

*In South Africa, CPFs (Community Policing Forums) are becoming more common. These are groups of volunteers that identify the main crime activities in their neighbourhoods and come up with ways to combat them, working closely with the police.*

TFC Trendspotter, South Africa

*In Pakistan, some wealthier consumers have pooled resources to buy garbage bins and hire staff in order to 'clean up' residential areas. They are more aware of the issue of sustainability than people living in rural areas or low-income areas.*

TFC Trendspotter, Pakistan

## Making use of existing local platforms

It should be stressed that developing local knowledge and insight need not be complicated or expensive. It's a realistic measure for businesses across the retail sector — irrespective of their size and resources.

In some catchment areas, the priorities of consumers will be evident from their behaviour. Local action groups can be some of the biggest clues to local issues. More than this, they can provide a platform on which businesses can build.

Community-led initiatives point to possible 'ways in' for retailers. Even something as simple as publicising action-group schemes and meetings in stores could make a difference to local communities and help build relationships with consumers.

## Putting it into practice

Retailers can use the grid below to identify issues they can help resolve in order to develop a deeper connection with people.

For retailers (or independent store managers) with a specific and narrow audience it might make sense to focus on the one area that is most 'top-of-mind' for consumers. However, major chains operating in many geographies and catchment areas will need to cover a wider 'spectrum'. The corporate strategy of a big retailer, in other words, might include asking local store managers to use the grid to help tailor initiatives that address all three issues.

A few questions to get you started...

	What has an impact on the quality of life of people in your catchment area?	Are consumers already finding solutions to overcome the problem(s)? And in what way?	What is the opportunity in your catchment area to connect with consumers?	Which idea(s) will most improve consumers' quality of life and be most viable for you as a retailer?
<b>Health &amp; Wellbeing</b>	Healthcare provision Food safety / toxins Nutrition Water supply Sanitation	Solutions consumers are creating themselves	Ideas for what a retailer could do to help resolve the main Health & Wellbeing issue(s)	The best idea(s)  Prioritise based on these questions:  What's realistic for me as a retailer?
<b>Community</b>	Education Employment Recreational amenities Childcare Finance / banking	Solutions consumers are creating themselves	Ideas for what a retailer could do to help resolve the main Community issue(s)	What will have the greatest impact on the quality of life of consumers in my catchment (and therefore connect best with them)?
<b>Infrastructure</b>	Transport Waste disposal Fuel / energy supplies Pollution (land, air, water) Personal safety	Solutions consumers are creating themselves	Ideas for what a retailer could do to help resolve the main Infrastructure issue(s)	

# Putting it into practice

Determining the sustainability issues that are most important to people is the first step to developing effective solutions. Before moving to the next chapter, readers can fill in the box below.

## Step 1: Understand

### Planning tool

This report has been designed so that you can use it to identify the right type of sustainability initiative to connect with your consumers. It takes you through three stages, which help you refine and filter your knowledge of your own market, and decide where to focus resources in terms of sustainability initiatives.

The form below is a planning tool. You can use it as you read the report to apply your own market knowledge and experience.

#### STEP 1: UNDERSTAND

Chapter 1 will help you answer this question:

**What issues most affect the quality of life of consumers in my catchment?**

**And therefore which issue area should I focus my resources on?**

- Wellbeing     Community     Infrastructure

	Resourceful	Progress-driven	Established
Wellbeing			
Community			
Infrastructure			

#### STEP 2: CONNECT

Chapter 2 will help you answer this question:

**What is the mindset of consumers in my catchment (i.e. how do they view and experience the issues identified in Step 1)?**

- Resourceful     Progress Driven  
 Established

	Resourceful	Progress-driven	Established
Wellbeing			
Community			
Infrastructure			

#### STEP 3: ACT

Chapter 3 will help you answer this question:

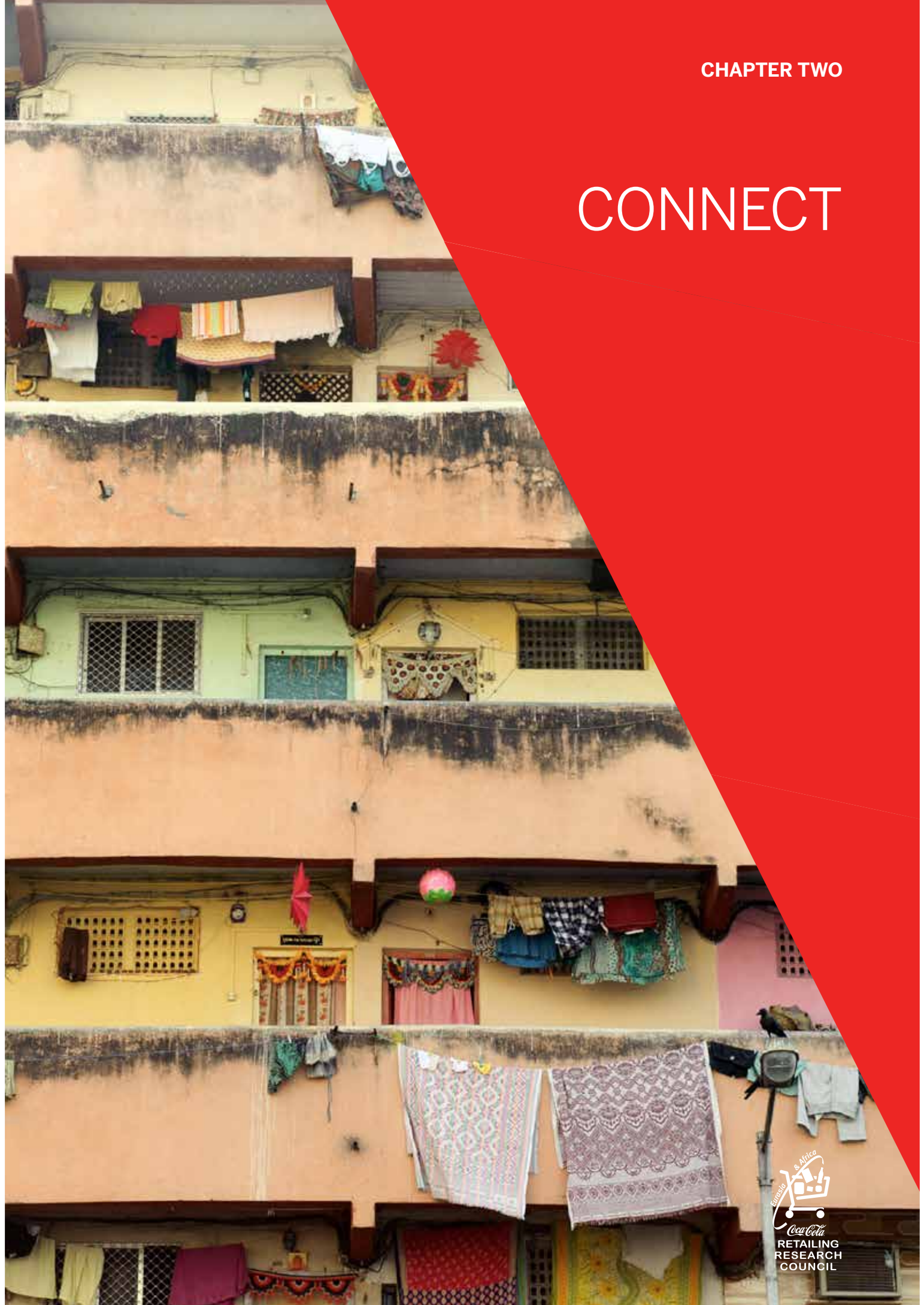
**Given the issues I have prioritised about my catchment, and the mindset(s) I have identified as most relevant to my audience, which model is/models are most appropriate to connect with my consumers?**

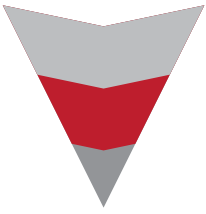
**And therefore what examples could I learn from and use to develop my own sustainability initiative?**

- Making the most     Reassurance     Healthier choices  
 Empowering & transforming     Advancing my neighbourhood     Feeling involved  
 Gaining needed infrastructure     Enjoying more supportive systems     Feel good satisfaction

	Resourceful	progress-driven	Established
Wellbeing	1. Making the most Educate & Equip to improve Wellbeing	2. Reassurance Demonstrate & Facilitate to support Wellbeing	3. Healthier choices Inform & Inspire to enhance Wellbeing
Community	4. Empowering and transforming Educate & Equip to build Community	5. Advancing my neighbourhood Demonstrate & Facilitate to invigorate Community	6. Feeling involved Inform & Inspire to contribute to Community
Infrastructure	7. Gaining needed infrastructure Educate & Equip to develop Infrastructure	8. Enjoying better, more supportive systems Demonstrate & Facilitate to improve Infrastructure	9. Feel good satisfaction Inform & Inspire to get the most from Infrastructure

# CONNECT





## Chapter 2: Connect

# What is the mindset of consumers and what does it mean for retailers?



To connect with people successfully, retailers need to know how they think and feel. This chapter provides a framework for understanding particular experiences of and attitudes towards quality of life issues.

Our research confirms that the main issues in a catchment area are likely to be experienced differently by different audiences in different socio-economic groups.

Less affluent consumers might, for example, experience poor infrastructure and poor amenities as overcrowding; more affluent consumer might experience them as a lack of green space.

The key message is that people have differing needs and motivations based on their circumstances. Understanding nuances is one of the keys to developing relevant initiatives and connecting with people/audiences.



## Understanding mindsets

For the purposes of this report, the term ‘mindset’ refers to the attitudes of consumers towards issues that affect their quality of life — and, more broadly, to the factors that determine those attitudes.

The mindset necessarily reflects income, circumstances and lifestyle but it is not a substitute for socio-economic profiling or segmentation. It does not measure someone’s available resources, but rather how they use and think about the resources available to them.

Unless retailers understand people’s **needs and motivations and their frame of reference for sustainability**, they won’t be able to build a strong connection with them.

Based on our research, we developed three mindsets to help retailers understand the needs and motivations of their shoppers, illustrated on the following pages.



*“If we’re talking about any low-wealth residential area of Pakistan, or rural areas for that matter, the infrastructure facilitating sustainable actions is close to non-existent. People, moreover, are less educated and do not prioritize acting sustainably.”*

TFC Trendspotter, Pakistan. See appendix for more details.



*“For many Saudis, sustainability means environmental protection and improvement. In the Qur’an there are passages that are interpreted to mean that God has given the Earth to man for him to manage and protect, and some take this to mean that people have a divine obligation to preserve the environment.”*

TFC Trendspotter, Saudi Arabia. See appendix for more details.



## Identifying mindsets and connecting with consumers

Determining the mindset that best reflects the needs, attitudes and experiences of consumers is essential in creating relevant sustainability initiatives.

The grid below will help.

Which of these descriptions best matches your consumers' experiences?			
<b>Type of area</b>	High population density, low incomes, informal housing	Newer neighbourhoods catering for young professionals and the new middle class	Established middle- and upper-class neighbourhoods
<b>General local infrastructure</b>	Undeveloped, organic	New and developing	Established, systematised
<b>Dominant forms of employment</b>	High unemployment, low or irregular incomes, informal economies	Mix of formal employment and entrepreneurialism, new and growth industries	Formal employment, stable incomes
	<b>Mindset 1:</b> Resourceful	<b>Mindset 2:</b> Progress-driven	<b>Mindset 3:</b> Established



## Mindset 1: Resourceful

The resourceful mindset is common in areas that are densely populated, where infrastructure is poor and undeveloped, jobs in the formal sector scarce and incomes irregular.

Resourceful consumers are motivated by the wish to provide the basics for quality of life. They need the information and tools to make the most of what they have.

Therefore the role for retailers is to **Educate & Equip**

Resourceful consumers tend to live in low-income areas and are unlikely to be in regular or formal employment. For the majority of them, making ends meet is a struggle. They aspire to a better quality of life, but find it hard to achieve.

Many consumers with this mindset face significant challenges in terms of basic infrastructure — for example, regular access to clean water and effective waste disposal systems. They are highly unlikely to have access to the infrastructure for sustainable behaviour.

In the areas where they live, there are few widespread consumer-facing initiatives for sustainability.

Resourceful consumers are active and entrepreneurial. They are used to making the most of what they've got and 'stretching' their resources. This could make them 'sympathetic' to some of the key principles of the sustainability agenda. Resourcefulness, for them, is already a way of life.

Although they have very little experience of corporate responsibility initiatives, consumers in this mindset are able to imagine what companies could do to improve their quality of life.

*"People here are worried about how they are going to survive, not to mention how they are going to sustain themselves for the future. We have daily struggles here like no electricity regularly, and corruption from our officials and a lack of jobs. It's hard to focus on more than that. There was a time earlier this year when people came together to protest at the removal of the fuel subsidy. That really impacted people's lives, so it was important."*

TFC Trendspotter, Nigera. See appendix for more details.



*"It is very important to always keep learning and improving yourself, and this is completely the responsibility of each person. I haven't yet got where I wanted to in life, but I know there is still time. Money is the main thing that makes life easier. I am focused on achieving right now. There are problems, but the government takes care of most of them."*

Male, Oman, 35 years



## Mindset 2: Progress-driven

The progress-driven mindset is common in neighbourhoods where infrastructure is new and developing, where there's a high number of young professionals and newly middle-class consumers and where job opportunities are found in both the formal and informal sectors.

Progress-driven mindset consumers are motivated by opportunities that enable them to continue on the path of rapid personal progress.

They need access to knowledge and systems that enrich or enhance their quality of life.

Therefore the role for retailers is to **Demonstrate & Facilitate**

Progress-driven consumers tend to have experienced rapid economic growth and increases in spending power.

In the areas where they live, infrastructure development has often failed to keep pace with economic change — and traffic congestion, overcrowding and air pollution can be daily problems.

They see industrialisation as responsible for some of the issues affecting their quality of life, but they are also aware of its benefits.

Some of them are hopeful about businesses' power to 'do good'. Others, however, mistrust companies' claims. (Cynicism is greatest in markets where corruption among 'officials' is widespread.)

Progress-driven consumers are comparatively resigned and passive. They're aware of environmental issues, but making a difference is seldom a priority for them personally.



### Mindset 3: Established

The established mindset is common in middle-class and high-income areas and among consumers who have ‘good’ and well-paid jobs in the formal sector.

Consumers in this category are motivated by the desire to maintain the status quo and their own quality of life — but they also have wider concerns.

They need access to experiences that allow them to ‘give back’ — and they need companies they can trust to help them make the right choices.

Therefore the role for retailers is to **Inform & Inspire**

‘Established’ consumers tend, somewhat paradoxically, to combine confidence with caution. On the one hand, they’re used to economic stability and certainty; on the other, they’re conscious of the need to curb spending and consumption.

People in this category are likely to be aware not only of environmental issues but also of their own responsibility for them. Guilt in this category runs high.

The attitude of established consumers might be described as comfortable and cynical. They’ve become accustomed to a high standard of living and have high expectations of both companies and governments. They want companies to be transparent and accountable; they want evidence that initiatives are not ‘all talk and no action’.

People in this mindset tend to have some established sustainable behaviours (e.g., separating waste for recycling), but need to feel the emotional benefit of knowing that they’re ‘doing the right thing’ in order to continue to make sustainable choices.

*“My lifestyle has been fairly stable and comfortable for many years. I have a good understanding of my own environmental impact, and want companies and governments to help me make a difference — but I find it hard to trust them.”*

TFC Trendspotter, Turkey. See appendix for more details



## Understanding mindset needs and motivations

The mindset of a particular set of consumers helps us determine their needs and motivations, and therefore how to connect with them effectively.

Resourceful consumers, for example, will be more **motivated** by opportunities to improve the basics — and they will **need** the information and tools to make the most of what they have. Consumers at the other end of the spectrum, on the other hand, will be more **motivated** by opportunities to maintain the status quo and their standard of living — and will **need** access to opportunities to feel they are making the right choices.

Once the needs and motivations of consumers have been determined, it's possible to begin designing initiatives that reflect them. The first step is to develop a clear understanding of the different ways a retailer might connect with consumers.

The following framework outlines the factors that determine the needs and motivations of the people in each mindset.

		Mindset 1: Resourceful	Mindset 2: Progress-driven	Mindset 3: Established
<b>Characteristics / Dimensions</b>	<b>Attitude to consumption</b>	Conservative, modest; aspirations limited by financial constraints	Unrestrained, liberated	Relatively confident but with some constraints
	<b>Infrastructure for sustainable behaviour</b>	Limited  Little or no state provision; little or no corporate action on sustainability	Gap between economic growth and infrastructure development.  Some government systems but they're not widely used or integrated	Systems have been established for some years; state and government initiatives such as recycling are well-organised
	<b>Perceptions of and faith in companies</b>	Limited experience of CSR initiatives, so limited ability to see what companies could do.  Some belief that business is the key to economic growth and that it has a responsibility to give back as much as it takes out	Businesses are seen as responsible for all the good things that have happened to the nation in recent times (i.e. economic growth). Therefore, they are believed to have the power to do good.  Governments are viewed with more cynicism	Consumers suspect the motives of companies. They want to see evidence that their sustainability initiatives are more than PR or box-ticking exercises
<b>Motivators</b>		<b>Motivated by the wish to provide the basics for quality of life</b>	<b>Motivated by the desire to continue on the path of rapid personal progress</b>	<b>Motivated by the desire to maintain the status quo and protect their quality of life</b>
<b>Needs</b>		<b>Need the information and tools to make the most of what they have</b>	<b>Need knowledge and systems that enrich / enhance their quality of life</b>	<b>Need experiences that allow them to 'give back' and feel they are making the right choices</b>
<b>Role for retailer to connect with consumer</b>		<b>Educate &amp; Equip</b>	<b>Demonstrate &amp; Facilitate</b>	<b>Inform &amp; Inspire</b>

## Consumer-led approaches

Broadly speaking, there are three possible approaches to meet the needs and motivations of each mindset.



**Educate & Equip** — In catchment areas where the standard of living is low (“resourceful mindset”), people need the basic tools to understand the benefits of living sustainably. Initiatives may need to start with awareness-raising exercises and programmes that provide practical help. Demonstrating the direct quality-of-life benefits will help build momentum — and broaden the consumer base.

**In South Africa, Hout Bay Spar has sponsored a programme called Trashback that offers tangible rewards for collecting waste to recycle. In return for helping to clean up and improve the local environment, people are given vouchers they can spend in Spar shops. This appeals to the needs and motivations of poorer consumers, while making a positive contribution to their communities and spreading the word about recycling and sustainability. It also increases footfall for Spar and introduces new consumers to the store.**

<http://www.spar.co.za/About-SPAR/sustainability>

TFC Trendspotter, South Africa, see appendix for more details



**Demonstrate & Facilitate** — In areas that are beginning to see the benefits of social and economic progress (“progress-driven mindset”), people need simple solutions that can be easily incorporated into their lives and pose no threat to their standard of living. Consumers can be encouraged to live more sustainably and make ‘optimal’ choices by retailers who demonstrate and facilitate simple changes with clear benefits.

**In Saudi Arabia, Al Baik, the fast food chain, has launched a food safety campaign called ‘5 Steps to Protect your Food’. This aims to raise awareness of easy steps people can take to protect their health — and helps build trust in the Al Baik brand.**

<http://www.albaik.com/en/section/commitment-of-communities>

TFC Trendspotter, Saudi Arabia, see appendix for more details



**Inform & Inspire** — People with the ‘established’ mindset are looking for information and inspiration to aid decision-making and help them navigate their way through the multiple options on offer. Retailers will benefit from helping shoppers feel they are making the right, smart choices. They will also benefit from offering people convenient ways to support the social and environmental causes that matter most to them.

**Sekem, one of the first companies to provide organic food in Egypt, recognises that its consumers have a twin goal: making healthier choices; contributing to society. The company and its factory are built on a compound that houses farmers, families and managers, and includes a school and medical facilities. Shoppers know they are making a direct contribution to a sustainable community when they buy the Sekem brand.**

<http://www.sekem.com/RSD>

TFC Trendspotter, Egypt, see appendix for more details

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*"The streets are dirty, but we're all guilty.  
We don't have the proper systems or enough  
garbage bins, so we get lazy."*

*Female, 44, Moscow*

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# Putting it into practice

Identifying the mindset of consumers (the way they think and feel about issues) and their needs and motivations will help decide the most relevant approach.

Again, readers will have varied consumer bases. It's likely that retailers (or independent store managers) with a specific and narrow audience will focus on one mindset and that major retailers will address all three (either within one store, or across geographies). In the latter case, there will need to be a 'holistic' corporate strategy that covers the needs of 'resourceful', 'progress-driven' and 'established' consumers and enables local store managers to 'cherry pick' initiatives right for them.

Readers can take the second step for sustainable solutions by filling in the box below.

## Step 2: Connect

### Planning tool

This report has been designed so that you can use it to identify the right type of sustainability initiative to connect with your consumers. It takes you through three stages, which help you refine and filter your knowledge of your own market, and decide where to focus resources in terms of sustainability initiatives.

The form below is a planning tool. You can use it as you read the report to apply insights to your own market and audience.

#### STEP 1: UNDERSTAND

Chapter 1 will help you answer this question:

What issues most affect the quality of life of consumers in my catchment?

And therefore which issue area should I focus my resources on?

- Wellbeing     Community     Infrastructure

	Resourceful	Progress-driven	Established
Wellbeing			
Community			
Infrastructure			

#### STEP 2: CONNECT

Chapter 2 will help you answer this question:

What is the mindset of consumers in my catchment (i.e. how do they view and experience the issues identified in Step 1)?

- Resourceful     Progress Driven  
 Established

	Resourceful	Progress-driven	Established
Wellbeing			
Community			
Infrastructure			

#### STEP 3: ACT

Chapter 3 will help you answer this question:

Given the issues I have prioritised about my catchment, and the mindset(s) I have identified as most relevant to my audience, which model is/models are most appropriate to connect with my consumers?

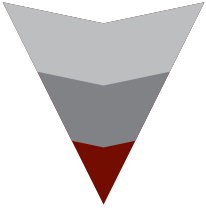
And therefore what examples could I learn from and use to develop my own sustainability initiative?

- Making the most     Reassurance     Healthier choices  
 Empowering & transforming     Advancing my neighbourhood     Feeling involved  
 Gaining needed infrastructure     Enjoying more supportive systems     Feel good satisfaction

	Resourceful	Progress-driven	Established
Wellbeing	1. Making the most Educate & Equip to improve Wellbeing	2. Reassurance Demonstrate & Facilitate to support Wellbeing	3. Healthier choices Inform & Inspire to enhance Wellbeing
Community	4. Empowering and transforming Educate & Equip to build Community	5. Advancing my neighbourhood Demonstrate & Facilitate to transform Community	6. Feeling involved Inform & Inspire to contribute to Community
Infrastructure	7. Gaining needed infrastructure Educate & Equip to develop Infrastructure	8. Enjoying better, more supportive systems Demonstrate & Facilitate to improve Infrastructure	9. Feel good satisfaction Inform & Inspire to get the most from Infrastructure

# ACT





## Chapter 3: Act

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# What is the best way to connect with consumers?



So far we have:

- identified the relevant issues to act on;
- identified the mindsets and needs and motivations of consumers.

This chapter helps retailers match the issues and mindsets outlined in Chapters 1 and 2 with solutions for sustainable business. It groups initiatives into nine models and provides supporting case studies per model as well as per retailer benefit.

Readers are invited to think about the particular needs of consumers in their catchment area(s), identify the most applicable model(s) and draw on learning from relevant case studies.

Together with the issues identified in chapter 1 and the mindsets identified in chapter 2, the models provide a new framework for approaching and thinking about sustainable retail.

## The partnership imperative

Before describing each of the models, it's important to look at the common factor that makes many of them successful. Many of the initiatives identified in our research are supported by one fundamental pillar:

### **partnership and collaboration.**

The issues to be tackled are so wide-reaching that no one organisation can hope to solve all of them alone. Moving the dial on environmental impact, for example, requires multilateral and concerted action. Where organisations are working towards a common objective, in a win-win spirit, they are finding ways to collaborate — and pool resources and knowledge.

In a very unlikely pairing, Mars and Nestlé are sharing vans to transport their products to Tesco. This allows them both to save money and save fuel to reduce their overall carbon footprint. In the future, most major multi-nationals, including retailers, will need to consider collaborating with competitors.

Institute of Grocery Distribution, 'Mars and Nestlé', IGD.com, 2012 (<http://www.igd.com/ourexpertise/Sustainability/Distribution/7828/Mars-and-Nestle/>)



Big international industry bodies are coming together to create common sustainability standards and achieve large-scale change. The Consumer Goods Forum, representing both manufacturing and retailing CEOs, has created a Global Packaging Protocol, which provides a framework for sustainable packaging and includes a glossary of commonly used sustainability terms.

The Consumer Goods Forum, Sustainability Pillar, 2013, (<http://www.theconsumergoodsforum.com/sustainability.aspx>)





In our research, we found examples — across all types of initiatives — of partnerships involving public-sector agencies, non-governmental organisations (NGOs) and major corporations.

Often, the benefits of partnerships lie in what might be termed the ‘piggy-backing’ effect: complementary or different strengths. Synergies are, perhaps, most clearly seen in collaborations between retailers and manufacturers and brands.

Retailers, as we’ve said, touch many aspects of people’s lives, and consumers count on them to provide choice and quality at prices they can afford. Because they stock multiple brands and products, they are seen as more impartial, the middle-men who ‘curate’ consumer choice. Generally, people tend to have a tangible personal connection with retailers — and, generally, to be more trusting of their motives.

The bond with brands is different. It’s not just about perceptions of trust and reliability and quality: it’s also often about image. Consumers tend to have a more emotional relationship with brands, sometimes associating them with comfort and nostalgia, sometimes associating them with ‘status’ or ‘self-actualisation’.

Both retailers and manufacturers, therefore, can profit from partnerships. The retailer benefits from the deep bond the manufacturer has with consumers in specific product categories; the manufacturer benefits from the retailer’s knowledge of specific catchment areas, its breadth of experience and its ‘unique’ position in communities.

*“I think it would be great if companies like Galaxy worked with Lulu [a hypermarket] — more people working together always has a bigger effect. Also, if they work together, I would trust them more — it would show they really want to find ways to make things better, not just doing everything for selfish reasons.”*  
 Male, Oman, 30 years



Some of the most powerful (and most talked about) ‘integrated initiatives’, however, are those retailers are developing in partnership with suppliers and farmers in local communities. These create what Harvard academic Michael Porter has called ‘shared value’ — innovations that meet social needs and lead to a virtuous circle of social and economic benefits and profits and investment.

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*“A shared value perspective focuses on improving growing techniques and strengthening the local cluster of supporting suppliers and other institutions in order to increase farmers’ efficiency, yields, product quality, and sustainability. This leads to a bigger pie of revenue and profits that benefits both farmers and the companies that buy from them. Early studies of cocoa farmers in the Côte d’Ivoire, for instance, suggest that while fair trade can increase farmers’ incomes by 10% to 20%, shared value investments can raise their incomes by more than 300%.”<sup>6</sup>*

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<sup>6</sup> Michael E. Porter and Mark R. Kramer, ‘Creating Shared Value’, Harvard Business Review, January-February 2011 (<http://hbr.org/2011/01/the-big-idea-creating-shared-value>)

## Integrated initiatives: a virtuous circle for retailers and communities



Some of the most effective models address challenges holistically, meeting the needs of several constituencies. An increasing number of initiatives, for example, help local suppliers to grow produce more cheaply, in more environmentally friendly ways. Here, farmers are educated on more efficient ways to grow crops that do not damage the soil and given access to more advanced farming technology — for example, drip irrigation systems — and more resilient, more nutritious crop strains.

This has the potential to improve the quality of life of almost every group in society. As the livelihoods of poorer people improve, their spending power increases. As they spend more, they fuel growth. As more crops are grown, more sustainably and more reliably, more people have access to better and more nutritious food.

Retailers, meanwhile, are able to source more products and increase security of supply — and able to communicate the benefits of sustainability in ways that are easy for shoppers to understand.

## Integrated initiatives

In Kenya, collaboration between many players has created a highly ambitious project – demonstrating the ability of smallholders and growers to double their incomes by becoming long-term sustainable suppliers of mango and passion fruit. This has been made possible by the partnership between The Coca-Cola Company, The Bill and Melinda Gates Foundation and Walmart (through its International Procurement & Logistics Limited division).

The Bill & Melinda Gates Foundation, Press Room, 2010 (<http://www.gatesfoundation.org/Media-Center/Press-Releases/2010/01/Coca-Cola-TechnoServe-and-Gates-Foundation-Partner-to-Boost-Incomes-of-Farmers-in-East-Africa>)



Metro Cash & Carry in India has launched initiatives to support local suppliers. It promotes improved farming methods and helps selected producers and suppliers consider environmental and social issues. They also strive to help suppliers enhance the quality of their products through improving education on hygienic food processing.

(<http://www.metro.co.in/public/home/special-pages/about-us/metro-cash-carry-india>)  
TFC in-market research



In South Africa, Woolworths' 'Farming for the Future' campaign helps farmers grow quality produce while protecting the environment and reducing dependence on costly and dangerous synthetic pesticides and herbicides, all without adding to the price for the consumer. By 2015, this project will cover 50 per cent of the foods Woolworths offers.

Woolworths Holdings Limited, '2012 Good Business Journey Report' ([http://www.woolworthsholdings.co.za/downloads/2012/good\\_business\\_journey\\_report\\_2012.pdf](http://www.woolworthsholdings.co.za/downloads/2012/good_business_journey_report_2012.pdf))



In Pakistan, Shell has recently launched Shell Tameer, a programme that aims to inspire students at top universities to do good for society and the less privileged. The project focuses on training workshops for small-scale entrepreneurs. Shell Tameer is predicated on the belief that if small businesses are successful, the economy at large will be strengthened.

(Shell example) Shell Pakistan, Shell Tameer, 2012 (<http://www.shell.com.pk/environment-society/society-tpkg/local-initiatives/tameer.html>)





## The business case for retailers

The key benefits of the consumer-facing models outlined above endorse the business case for sustainable retail. These benefits are summarized below.



**New consumers:** Consumer-led initiatives designed to improve people's quality of life can expand a consumer base and introduce more shoppers to modern retail. Helping consumers live healthier, wealthier lives can strengthen the appeal of stores, increasing shopper loyalty and building trust.

**Bread and Beyond in Pakistan has started demonstrating bread-making live, relieving anxieties about unhygienic preparation and luring consumers away from competitors.**

TFC Trendspotter, Pakistan (<http://www.breadbeyond.com/aboutus.htm>)

Despite stated loyalties, shoppers are continuously experimenting with new retailers. Sustainability could be a part of renewing a local brand. "Between 75% and 80% of shoppers surveyed at different channels across India could not imagine shopping in a different location for groceries at the same time next year. However, less than 50% of all the shoppers in self-service stores, most of which have been built in the past five years, shopped in that same outlet the previous year."

*'Understanding shopper loyalty within different retail formats in Eurasia & Africa', The Coca-Cola Retailing Research Council, 2012*

Coca-Cola Retailing Research Council Eurasia & Africa, 'Understanding shopper loyalty within different retail formats in Eurasia & Africa', 2012 (<http://ccrrc.org/studies/understanding-shopper-loyalty-within-different-retail-formats/>)



**New distribution channels:** Innovations that encourage consumers to sell products themselves can widen the appeal of retail goods — and broaden the consumer base as more people are introduced to goods sold in stores.

**Hindustan Unilever's successful Shakti programme empowers rural consumers and turns them into small-scale vendors of desperately needed hygiene products. It now reaches three million additional households per month.**

Hindustan Unilever, 'Project Shakti', 2012 (<http://www.hul.co.in/sustainable-living/casestudies/Casecategory/Project-Shakti.aspx>)



**Increased 'footfall':** Initiatives can give shoppers 'social' reasons to return to the store. (For example, the desire to connect with others, feel involved in a wider local 'movement' or get advice about product choice and product use.)

**Metro in Turkey provides special discounts to small independent retailers. This makes it easier for smaller retailers to stay affordably fully stocked. The clear signage in stores also proves the genuine commitment to other shoppers.**

TFC in-market research (<http://www.metro-tr.com>)

## The business case for retailers

**Premium products; premium pricing:** Projects can demonstrate the full benefits of products sold (relative to competitors') and help justify premium prices, encouraging progress-driven consumers and consumers in the established category to trade up.

**Wadi food company in Egypt produces premium-priced olives and olive oil products using eco-friendly bio-filtration technology as well as its own solar heating units which it outsources to their employees. They also have a plot of land donated to a school on environmental sustainability and a project to save a species of turtles in Egypt.**

TFC Trendspotter, Egypt (<http://wadi-food.com/home/>)



**Trust:** As retailers connect more closely with the needs of consumers, they become more trusted. As they become more trusted, they become more able to introduce people to new and different products and cross-sell and up-sell. Importantly, their own labels become respected labels, able to compete on a more even playing field with branded goods.



**Woolworths has promised that, by 2015, 50% of its foods will be healthy, demonstrating a commitment to support consumers.**

Woolworths Holdings Limited, '2012 Good Business Journey Report' ([http://www.woolworthsholdings.co.za/downloads/2012/good\\_business\\_journey\\_report\\_2012.pdf](http://www.woolworthsholdings.co.za/downloads/2012/good_business_journey_report_2012.pdf))

**Goodwill:** Among more affluent consumers, the trust created by sustainable retail initiatives can develop into something more powerful and 'affective'. The consumer starts to think differently about the retailer as its values converge with its own. They begin to feel well-disposed, psychologically and emotionally, to the store. The sustainable retail 'effect' could be particularly important for wealthier consumers. A previous report by The Coca-Cola Retailing Research Council on Eurasia and Africa suggests that loyalty declines as consumers become more affluent.

<https://www.Coca-Cola Retailing Research Council.org/studies/understanding-shopper-loyalty-within-different-retail-formats/>

**Tansas has introduced a 'Let Me Carry That For You' initiative in its stores. Staff accompany elderly shoppers and carry their purchases, free of charge, as they return home. This Tansas campaign has generated considerable positive feedback from elderly consumers and their relatives.**

TFC in-market research (<http://www.tansas.com.tr/>)





**Permission to operate and expand into new markets:** Local governments and local people can sometimes be hostile to the expansion of modern retail, believing it will threaten and damage communities and force local traders to close. Through sustainable business, retailers can gain the political, legal and social permission to expand.

**Engagement with national and local government stakeholders can be essential. In India, where FDI is carefully controlled, legislation now requires companies to set aside 2% of their profits for initiatives that improve society.**

Sanjeev Sharma, 'CSR spending will help firms connect with people: Pilot', The Tribune, August 2013 (<http://www.tribuneindia.com/2013/20130814/main6.htm>)



**Reduced costs and new revenue streams:** Sustainability initiatives that involve more efficient or more innovative use of resources often help retailers cut their own costs or help them develop offsetting revenue streams — through, for example, selling surplus renewable energy back to the grid.

**“By focusing on making sustainability a part of their business, Woolworths in South Africa have saved over R80m between 2007 and 2012. M&S in the UK have taken this even further, adding £185m to the bottom line between 2007 and 2012 in efficiencies and new business opportunities.”**(M&S ‘How We Do Business’ report, 2012, Justin Smith, head of sustainability at Woolworths)

Marks & Spencer, 'How We Do Business Report 2012' (<http://corporate.marksandspencer.com/file.axd?pointerid=24f35ecfc08e4eb1992603107c4ec51a>)

**Value Creation Model**



See appendix for complete model

**Track and measure impact:** As part of business strategy, sustainability programmes must be tracked and measured. The Coca-Cola Company has developed a Value Creation Model that links objectives with results, evaluating each initiative for its social and commercial impact.

The model recognises that effective solutions evolve over time. It allows adaptations to be made to programmes — according to what’s working and what’s not. (See appendix.)

**“Companies have long prospered by ignoring what economists call ‘externalities.’ Now they must learn to embrace them”.** The Harvard Business Review - April 2010

Christopher Meyer and Julia Kirby, 'Leadership in an Age of Transparency', Harvard Business Review, April 2010 ([http://christophermeyer.com/images/stories/pdfs/rp\\_harvard\\_business\\_leadership\\_transparency\\_en\\_xg.pdf](http://christophermeyer.com/images/stories/pdfs/rp_harvard_business_leadership_transparency_en_xg.pdf))

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*“Water is now rationed, so we only get it twice a week. When it comes, we store it in tanks, and also in these bottles. They used to contain milk or oil, but now we use them to store water on the days that the water is connected.”*

*Female, 32, Nairobi*

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# Nine models for sustainable retail

# Nine models for sustainable retail

Our fieldwork in Turkey, India, Russia, Kenya and Oman and subsequent trendspotting missions in Nigeria, South Africa, Egypt, Pakistan and Saudi Arabia enabled us to identify and see first-hand the kinds of initiatives that are meeting the needs of consumers and communities in the EAG region. The research allowed us to create nine models for connecting with consumers through sustainable initiatives.

None of these models is theoretical: all of them are being implemented — in some shape or form — by retailers, manufacturers, suppliers and other agencies now.

The models are listed in the grid below and outlined in the section 'The models and what they mean' on the next page.

They can be followed by retailers in Eurasia and Africa and adapted to the needs of particular retailers. In some cases all nine will be relevant; in others, only one. The key determinants will be the retailer's size and its catchment area(s).

It's highly likely that major retail chains that cover a wide range of geographies and catchment areas will need to address all issues and all mindsets and therefore use all models. For most independent retailers, however, only between one and three will be relevant.

Readers can 'cherry pick' from the grid above and prioritise, matching issues and mindsets to one or several 'squares'. They can then look at the relevant descriptions below and the relevant cases studies to gain a fuller understanding of what the models mean in practice. To give a very simple example: a retailer in Kenya might decide that, given a recent health scare due to food contamination and the 'resourceful' nature of its consumers, initiative 1 is most relevant. It would then go straight to the description of the 'Making the most' model.

	Resourceful	Progress-driven	Established
Wellbeing	<b>1. Making the most</b> <i>Educate &amp; Equip to improve Wellbeing</i>	<b>2. Reassurance</b> <i>Demonstrate &amp; Facilitate to support Wellbeing</i>	<b>3. Healthier choices</b> <i>Inform &amp; Inspire to enhance Wellbeing</i>
Community	<b>4. Empowering and transforming</b> <i>Educate &amp; Equip to build Community</i>	<b>5. Advancing my neighbourhood</b> <i>Demonstrate &amp; Facilitate to involve in Community</i>	<b>6. Feeling involved</b> <i>Inform &amp; Inspire to contribute to Community</i>
Infrastructure	<b>7. Gaining needed infrastructure</b> <i>Educate &amp; Equip to develop Infrastructure</i>	<b>8. Enjoying better, more supportive systems</b> <i>Demonstrate &amp; Facilitate to improve Infrastructure</i>	<b>9. Feel-good satisfaction</b> <i>Inform &amp; Inspire to get the most from Infrastructure</i>

## Using the grid

1. Look at what you identified in Chapters 1 and 2 as the issues and mindsets most relevant in your catchment(s).

**Which mindset most closely resembles my consumer?**

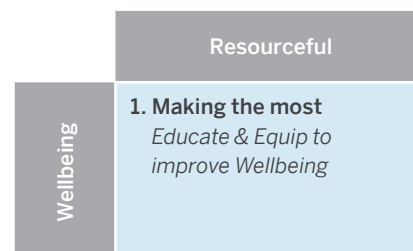
		Resourceful	Progress-driven	Established
Which category most closely resembles my consumer?	Wellbeing	<b>1. Making the most</b> <i>Educate &amp; Equip to improve Wellbeing</i>	<b>2. Reassurance</b> <i>Demonstrate &amp; Facilitate to support Wellbeing</i>	<b>3. Healthier choices</b> <i>Inform &amp; Inspire to enhance Wellbeing</i>
	Community	<b>4. Empowering and transforming</b> <i>Educate &amp; Equip to build Community</i>	<b>5. Advancing my neighbourhood</b> <i>Demonstrate &amp; Facilitate to involve in Community</i>	<b>6. Feeling involved</b> <i>Inform &amp; Inspire to contribute to Community</i>
	Infrastructure	<b>7. Gaining needed infrastructure</b> <i>Educate &amp; Equip to develop Infrastructure</i>	<b>8. Enjoying better, more supportive systems</b> <i>Demonstrate &amp; Facilitate to improve Infrastructure</i>	<b>9. Feel-good satisfaction</b> <i>Inform &amp; Inspire to get the most from Infrastructure</i>

2. Find the full descriptions of your models and the case studies that bring them to life.

## The models and what they mean in practice

The section below explains briefly how models 1 to 9 work — and, crucially, states the rationale for each one. As stated above, it's expected that smaller retailers will go straight to the number or numbers most relevant to them.

# 1. Making the most Educate & Equip to improve Wellbeing



## What quality of life issues does it address/what are the benefits for consumers?

Poorer consumers often lack the money for nutritional food and household and healthcare products. Retailers that help them make the most of the resources they do have will improve their lives and the lives of their families.

## What are the benefits for retailers?

Retailers that make the basics more affordable will improve their relationships with consumers and, importantly, introduce people to products and product categories new to them. They will develop a loyal consumer base in poorer communities.

## What are the sustainability benefits?

Social sustainability: healthier communities; lower health-care costs.

## What does it mean in practice?

Using space in store to host education sessions on how to get the most out of products — possibly in partnership with manufacturers. (The retailer provides the venue; the manufacturer the training.)



## Case study Tuskys, Kenya

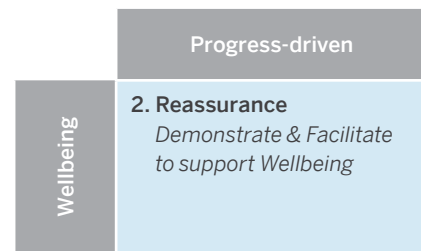
Brand / retailer / company:	Tuskys, Kenya	
Name of initiative:	In-store milk dispensers	
Headline:	Making basic nutrition affordable	
Issue (Understand)	What type of issue?	<b>1. Health &amp; Wellbeing</b>
	The specific issue:	Many shoppers struggle to afford many basic healthy and nutritious foods such as milk. Often, they are concerned that they are paying more for the packaging than the product itself.
Mindset (Connect)	What's the mindset?	<b>1. Resourceful</b>
	What's the connection point for the retailer?	People already make the most of what they do have, but are looking for help from retailers to make it more affordable to access more of the basics.
Action (Act)	What type of initiative?	<b>1. Making the most</b>
	The specific initiative:	Tuskys sells products such as milk through dispensers, where shoppers can bring their own bottles, bags and containers. This way, people do not have to pay for product packaging, so are able to get more of the nutritious basics for their money.
Benefits for retailer / company	How does this help the retailer?	Recruits new customers Builds trust Reduces costs and generates supplementary income
Sustainability benefits	What's the impact on social, economic or environmental issues?	Healthier, self-sustaining communities

<http://www.tuskys.com/>



## 2. Reassurance

### Demonstrate & Facilitate to support Wellbeing



#### What quality of life issues does it address/what are the benefits for consumers?

Many consumers are worried about potentially dangerous additives in food, the use of pesticides in farming — or simply about whether products are safe and fresh enough to eat. They need the re-assurance that retailers are looking out for them and 'policing' the shelves in their interests.

#### What are the benefits for retailers?

Goodwill and loyalty increase; consumers begin to see retailers more as service providers — and may be prepared to pay a premium for the 'value added'.

#### What are the sustainability benefits?

Social sustainability and environmental sustainability. Healthier communities as people eat better food; 'healthier' environments as consumers waste less food, and farmers, under pressure from retailers, improve the entire supply chain.

#### What does it mean in practice?

Reassuring shoppers that retailers are guaranteeing food quality — partly through better labelling and information.

### Case study

#### Carrefour, Oman



Brand / retailer / company:	Carrefour, Oman	
Name of initiative:	Omani product certification	
Headline:	Offering products shoppers can trust	
Issue (Understand)	What type of issue?	1. Health & Wellbeing
	The specific issue:	In Oman, people are worried about chemicals and contaminants that might be getting into their food, and many know someone who has become sick because of them.
Mindset (Connect)	What's the mindset?	2. Progress-driven
	What's the connection point for the retailer?	Shoppers want to be free from worries about basic health so they can focus on their greater ambitions. Currently, they adapt by trying to buy more Omani products, as they trust these more than foreign products. They also feel buying Omani will develop their country faster, bringing them new opportunities. Retailers can demonstrate to shoppers that they take responsible sourcing seriously.
Action (Act)	What type of initiative?	2. Reassurance
	The specific initiative:	Carrefour has banners in store that highlight which products are from Oman, so people can easily and quickly find the products they trust the most.
Benefits for retailer / company	How does this help the retailer?	Builds trust Enhances value of products sold
Sustainability benefits	What's the impact on social, economic or environmental issues?	Healthier, self-sustaining communities More sustainably prosperous communities

<http://www.carrefouruae.com/>

### 3. Healthier options

#### Inform & Inspire to enhance Wellbeing



**What quality of life issues does it address/what are the benefits for consumers?**

More affluent shoppers are looking for better-quality products, such as organic foods. Concerns about obesity and lifestyle-related illnesses mean they are also looking for ways to make healthier choices — when unhealthy choices sometimes seem more enjoyable.

**What are the benefits for retailers?**

Greater product and pricing differentiation; higher margins; improved relationships with consumers; increased shopper loyalty.

**What are the sustainability benefits?**

Social sustainability and environmental sustainability. Healthier communities that are better able to avoid the risks of obesity and diet-related illnesses. Healthier environments due to organic farming.

**What does it mean in practice?**

Offering shoppers healthier options, and helping them to choose healthier ways of living. Introducing — and clearly labelling — ‘health and nutrition’ products, shelves or aisles. Shifting the balance of SKUs away from junk food.



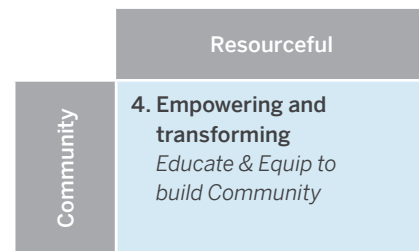
### Case study

#### Minnie’s, Egypt

<b>Brand / retailer / company:</b>	Minnie’s, Egypt	
<b>Name of initiative:</b>	Direct-from-farm purchase	
<b>Headline:</b>	Premium healthy food with direct distribution	
<b>Issue (Understand)</b>	<b>What type of issue?</b>	<b>1. Health &amp; Wellbeing</b>
	<b>The specific issue:</b>	People in more affluent catchment areas are looking for even healthier products, and worry that often the food they get is low quality and not fresh enough.
<b>Mindset (Connect)</b>	<b>What’s the mindset?</b>	<b>3. Established</b>
	<b>What’s the connection point for the retailer?</b>	These more affluent shoppers are interested in information about how to make the very best choice for their families and have started to show interest in more natural ways of growing food, feeling this makes products healthier. Retailers can inform shoppers about new options and the broad health and sustainability benefits they can bring.
<b>Action (Act)</b>	<b>What type of initiative?</b>	<b>3. Healthier choices</b>
	<b>The specific initiative:</b>	Minnie’s is a dried fruit business that prides itself on sourcing only handpicked and naturally processed fruit that is sold directly from the farm to the consumer via a website, so it can reach a wide range of people. It makes a point of communicating the environmentally sustainable practices of farmers, showing how these result in healthier foods.
<b>Benefits for retailer / company</b>	<b>How does this help the retailer?</b>	Builds trust Enhances value of products sold Recruits new customers
<b>Sustainability benefits</b>	<b>What’s the impact on social, economic or environmental issues?</b>	Healthier, self-sustaining communities More sustainable and environmentally friendly agriculture

<https://www.facebook.com/minnies.dried.fruits.vegetables>

## 4. Empowering and transforming Educate & Equip to build Community



### What quality of life issues does it address/what are the benefits for consumers?

Poorer people often lack the skills and education they need to get better jobs, provide more for themselves, or help develop their neighbourhoods. Low levels of skills hold the whole community back, as people do not have the time, ability or money to improve their surroundings.

### What are the benefits for retailers?

Increased shopper loyalty, trust and goodwill. Increased sales as the spending power of consumers grows. A better, more motivated and more highly skilled workforce. A wider consumer base (and more opportunities for price and product differentiation) as the local environment improves and becomes a nicer and safer place for shoppers.

### What are the sustainability benefits?

Social sustainability, economic sustainability and environmental sustainability; communities that can develop more sustainably because they have a greater and wider skills base.

### What does it mean in practice?

Helping people develop the skills needed to transform their communities through developing training programmes, possibly in partnership with NGOs or government agencies; organising community improvement initiatives that clean up and improve local neighbourhoods, and teach people construction skills.



## Case study

### Nakumatt, Kenya

Brand / retailer / company:	Nakumatt, Kenya	
Name of initiative:	Facebook Campaign for Sustainability	
Headline:	Building awareness and driving action in the community	
Issue (Understand)	What type of issue?	2. Community
	The specific issue:	In Kenya, sustainability issues and the idea of recycling etc. is new for people, but more and more important as urban areas in Nairobi become over-crowded. Through social media campaigns retailers like Nakumatt can build awareness while at the same time bringing people together in the community.
Mindset (Connect)	What's the mindset?	1. Resourceful
	What's the connection point for the retailer?	The Facebook page encourages consumers to share information on and 'stories' about recycling. It therefore serves two purposes: building a greater sense of community; building stronger connections with the Nakumatt brand.
Action (Act)	What type of initiative?	4. Empowering and transforming
	The specific initiative:	Nakumatt connects with consumers where they are: online. On its Facebook page, it encourages people to 'think green' — and shares information on recycling and ways to help the environment in their own local community.
Benefits for retailer / company	How does this help the retailer?	Builds trust Recruits new customers Creates goodwill among existing shoppers
Sustainability benefits	What's the impact on social, economic or environmental issues?	Builds awareness of sustainability issues Creates more sustainably prosperous communities

<http://www.nakumatt.net/about/About.php>

## 5. Advancing my neighbourhood

### Demonstrate & Facilitate to involve in Community



#### What quality of life issues does it address/what are the benefits for consumers?

A cleaner and safer local environment, a thriving local economy and a more diverse local landscape are likely to be priorities for more affluent consumers and those who have passed the level of subsistence.

#### What are the benefits for retailers?

Retailers that improve the local community can create greater loyalty by building a closer relationship with consumers. Retailers that support local businesses and create jobs and wealth see more trade.

#### What are the sustainability benefits?

Social sustainability, economic sustainability and environmental sustainability. Initiatives in this category help create more sustainable communities. They support small and local businesses and therefore create jobs and wealth; they reduce primary health risks (for example, those associated with poor nutrition and poor hygiene); they 'clean up the streets' and reduce pollution.

#### What does it mean in practice?

Collaborating with local people to make gradual improvements to their neighbourhoods. Asking consumers and local businesses what problems in the local area they most need help in solving.

### Case study

Spar, South Africa



Brand / retailer / company:	Spar, South Africa	
Name of initiative:	Isonka project	
Headline:	Building skills in the community	
Issue (Understand)	What type of issue?	<b>2. Community</b>
	The specific issue:	Communities near Spar's catchment areas often suffer from severe food shortages. Many people in these communities lack the skills and opportunities to feed and sustain themselves and find it hard to break this cycle.
Mindset (Connect)	What's the mindset?	<b>1. Progress-driven</b>
	What's the connection point for the retailer?	Some people have started growing their own food within townships and on the outskirts of towns, but finding enough land in public spaces is hard. Retailers can equip people with the tools they need to escape the poverty trap, so they can earn more, and afford the products they need from retailers.
Action (Act)	What type of initiative?	<b>4. Advancing my neighbourhood</b>
	The specific initiative:	Spar partnered with Operation Hunger to create community vegetable garden programmes in local areas, training people on how to grow their own basic food, and getting community agreement on spaces that could be used. It also trained people on how to make their own bricks, either to sell, or to use to help improve their local area.
Benefits for retailer / company	How does this help the retailer?	Builds trust Recruits new customers Creates goodwill among existing shoppers
Sustainability benefits	What's the impact on social, economic or environmental issues?	Helps provide for families Creates more sustainably prosperous communities

## 6. Feeling involved

### Inform & Inspire to contribute to Community

	Established
Community	<b>6. Feeling involved</b> <i>Inform &amp; Inspire to contribute to Community</i>

#### What quality of life issues does it address/what are the benefits for consumers?

Affluent consumers often want to help solve problems in their local communities — but feel they lack the time or resources to 'make a difference'.

#### What are the benefits for retailers?

Increased loyalty; increased trust and goodwill. Improved status in the community: the store becomes not only a provider of essential goods but also a service that meets 'higher level' human needs.

#### What are the sustainability benefits?

Social sustainability, economic sustainability and environmental sustainability. Improved communities as local and targeted philanthropy and volunteering address social or economic deprivation, and environmental issues.

#### What does it mean in practice?

Awarding loyalty points that can be 'spent' on charitable initiatives; helping consumers see how they can take steps to help the wider community, e.g. through volunteering, buying different products, organising and contributing to food banks. (Campaigns can be publicised and orchestrated in store.)

## Case study

### Pick 'n' Pay, South Africa



Brand / retailer / company:	Pick n Pay, South Africa	
Name of initiative:	1 million acts of green	
Headline:	Making 'being green' easy and sociable	
Issue (Understand)	What type of issue?	<b>2. Community</b>
	The specific issue:	South Africa has significant environmental problems, including water scarcity, which is being made worse by climate change.
Mindset (Connect)	What's the mindset?	<b>3. Established</b>
	What's the connection point for the retailer?	More affluent people have fewer directly pressing concerns in their own lives, so have more time to worry about bigger, national issues. They look for ways to feel they are doing their bit, but do not want to inconvenience themselves significantly, and want to make sure they feel like part of a bigger movement that offers them some personal benefits. Retailers can help show people the easy actions they can take — and how they can improve their 'green' credentials.
Action (Act)	What type of initiative?	<b>6. Feeling involved</b>
	The specific initiative:	Pick n Pay created a Facebook page and an app that gives people easy advice on how to be more environmentally friendly in their daily lives. It also lets people share what they have done with their friends so they feel part of a bigger community effort.
Benefits for retailer / company	How does this help the retailer?	Creates goodwill among existing shoppers Builds trust
Sustainability benefits	What's the impact on social, economic or environmental issues?	Embeds environmentally sustainable behaviours Protects the local environment and reduces carbon emissions

## 7. Gaining needed infrastructure

### Educate & Equip to develop Infrastructure

	Resourceful
Infrastructure	7. Gaining needed infrastructure <i>Educate &amp; Equip to develop Infrastructure</i>

**What quality of life issues does it address/what are the benefits for consumers?** Poorer communities often need much better infrastructure — for instance, better sanitation, better roads and streets, and better lighting.

**What are the benefits for retailers?** Improved sanitation will make people nearby healthier, more able to work, and give them more disposable income to spend in stores. Improved roads and lighting will make stores easier to visit, expanding the catchment area, and improving the shopping experience. The return on investment in local capital projects, in other words, will have tangible benefits (profits) as well as intangible benefits (goodwill, loyalty and trust).

**What are the sustainability benefits?** Social sustainability, economic sustainability. Improved infrastructure helps address both the causes and effects of poverty, encouraging new investors and tackling problems such as lifestyle and diet-related disease.

**What does it mean in practice?** Providing basic infrastructure that shoppers need, but cannot create themselves. Investigating local needs — possibly through discussions with local governments and NGOs — and offering support and solutions. Sponsoring or co-funding projects.

### Case study

#### Metro Cash and Carry, Pakistan

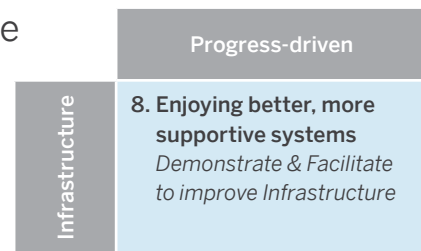


Brand / retailer / company:	Metro Cash and Carry, Pakistan	
Name of initiative:	Sindh Primary School	
Headline:	Providing the basics for education	
Issue (Understand)	What type of issue?	3. Infrastructure
	The specific issue:	Illiteracy and lack of skills are major problems in Pakistan, preventing people from learning how to look after their health, or gain the jobs needed to transform their lives. A major cause is the shortage of good school facilities in many catchment areas.
Mindset (Connect)	What's the mindset?	1. Resourceful
	What's the connection point for the retailer?	People are very eager to improve their skills, but feel unable to affect the big infrastructural issues. Retailers can help create new teaching facilities that let people transform their lives, and create a better skilled and wealthier catchment.
Action (Act)	What type of initiative?	7. Gaining needed infrastructure
	The specific initiative:	Metro Cash and Carry donated a primary school building to the government of Sindh, dramatically improving local access to quality education.
Benefits for retailer / company	How does this help the retailer?	Builds trust Creates goodwill among existing shoppers Gives permission to operate and expand into new markets Broadens the customer base
Sustainability benefits	What's the impact on social, economic or environmental issues?	Creates more sustainably prosperous communities

[http://www.metro.pk/servlet/PB/menu/-1\\_12/index.html](http://www.metro.pk/servlet/PB/menu/-1_12/index.html)

## 8. Enjoying better, more supportive systems

### Demonstrate & Facilitate to improve Infrastructure



#### What quality of life issues does it address/what are the benefits for consumers?

The needs of emerging middle class consumers for the 'bigger' systems — for example, recycling bins and efficient and effective refuse collection — that help them meet their sustainability goals.

#### What are the benefits for retailers?

Increased trust, and loyalty and better relationships with consumers as they come to be seen as the people that help communities address today's complex challenges.

#### What are the sustainability benefits?

Environmental sustainability. Better infrastructure helps build mass participation in sustainability initiatives.

#### What does it mean in practice?

Offering easy and comprehensive recycling systems (inside and outside stores) for products.

### Case study

#### Migros, Turkey



Brand / retailer / company:	Migros, Turkey	
Name of initiative:	Recycling wall	
Headline:	Incentivised recycling	
Issue (Understand)	What type of issue?	3. Infrastructure
	The specific issue:	Many people in Turkey would like to recycle, but not all local governments offer a recycling service.
Mindset (Connect)	What's the mindset?	2. Progress-driven
	What's the connection point for the retailer?	Consumers want to recycle, but are focused on ways to improve their economic position. Retailers that make recycling very easy and convenient — and demonstrate direct benefits to the shopper — will create a competitive advantage.
Action (Act)	What type of initiative?	8. Enjoying better, more supportive systems
	The specific initiative:	Migros has installed an interactive wall in-store where people can recycle a wide range of products, while also earning loyalty points for each piece recycled by swiping their loyalty card. This makes recycling fun and offers a direct benefit, creating another reason to visit the store.
Benefits for retailer / company	How does this help the retailer?	Builds trust Creates goodwill among existing shoppers Encourages repeat store visits Reduces costs and generates supplementary income
Sustainability benefits	What's the impact on social, economic or environmental issues?	Better use of scarce resources Embeds environmentally sustainable behaviours

<http://www.migros.com.tr/>

## 9. Feel-good satisfaction

Inform & Inspire to get the most from Infrastructure

	Established
Infrastructure	9. Feel-good satisfaction <i>Inform &amp; Inspire to get the most from Infrastructure</i>

### What quality of life issues does it address/what are the benefits for consumers?

More affluent consumers are often concerned about 'global' issues that currently have little direct impact on their daily lives but pose threats in the longer term — for example, climate change, deforestation and over-fishing. They are likely to feel more 'sympathetic' towards businesses that seem to share these concerns.

### What are the benefits for retailers?

They improve their reputations through associations with the environmental cause and improve relationships by aligning their behaviours with consumers' needs and concerns. They also increase margins through more efficient use of resources and increase security of supply by encouraging more sustainable farming methods.

### What are the sustainability benefits?

Environmental sustainability: reduced carbon emission; more sustainable farming, broader participation in improving communities and society.

### What does it mean in practice?

Participating in and supporting regional/global campaigns to change behaviours; using energy more efficiently; working with customers and suppliers to reduce waste, etc; forming partnerships with environmental charities.



## Case study

Shopper's Stop, India

Brand / retailer / company:	Shopper's Stop, India	
Name of initiative:	Sustainable sourcing	
Headline:	Making sustainability fashionable	
Issue (Understand)	What type of issue?	3. Infrastructure
	The specific issue:	India's limited agricultural land is in danger of being farmed too intensively and in a way that damages the country's ability to keep growing crops and threatens the livelihood of farmers.
Mindset (Connect)	What's the mindset?	3. Established
	What's the connection point for the retailer?	More affluent shoppers are aware of these issues, but feel many of the problems are due to the sourcing policies of retailers. They look more favourably on retailers that offer them the chance to make a difference — and are willing to pay a premium for products that are sustainably sourced and allow them to feel better about themselves.
Action (Act)	What type of initiative?	9. Feel-good satisfaction
	The specific initiative:	Shopper's Stop partnered with Shop for Change, an NGO that works with farmers across five states to source organically grown supplies. It then launched an exclusive range of 'cool' clothes made from organic cotton, and organised special sustainable retail sections in its stores.
Benefits for retailer / company	How does this help the retailer?	Enhances value of products sold Creates goodwill among existing shoppers
Sustainability benefits	What's the impact on social, economic or environmental issues?	More sustainable and environmentally-friendly agriculture More sustainably prosperous communities

<http://www.fashionunited.in/news/apparel/shoppers-stop-opens-a-store-in-jaipur-081120136260>



# Putting it into practice

By understanding their consumers and the approaches that will connect with them, retailers can decide on the model or mode of initiatives to implement.

## Step 3: Act

### Planning tool

This report has been designed so that you can use it to identify the right type of sustainability initiative to connect with your consumers. It takes you through three stages, which help you refine and filter your knowledge of your own market, and decide where to focus resources in terms of sustainability initiatives.

The form below is a planning tool. You can use it as you read the report to apply insights to your own market and audience.

#### STEP 1: UNDERSTAND

Chapter 1 will help you answer this question:

What issues most affect the quality of life of consumers in my catchment?

And therefore which issue area should I focus my resources on?

- Wellbeing  Community  Infrastructure

	Resourceful	Progress-driven	Established
Wellbeing			
Community			
Infrastructure			

#### STEP 2: CONNECT

Chapter 2 will help you answer this question:

What is the mindset of consumers in my catchment (i.e. how do they view and experience the issues identified in Step 1)?

- Resourceful  
 Established

	Resourceful	Progress-driven	Established
Wellbeing			
Community			
Infrastructure			

#### STEP 3: ACT

Chapter 3 will help you answer this question:

Given the issues I have prioritised about my catchment, and the mindset(s) I have identified as most relevant to my audience, which model is/models are most appropriate to connect with my consumers?

And therefore what examples could I learn from and use to develop my own sustainability initiative?

- Making the most  Reassurance  Healthier choices  
 Empowering & transforming  Advancing my neighbourhood  Feeling involved  
 Gaining needed infrastructure  Enjoying more supportive systems  Feel good satisfaction

	Resourceful	Progress-driven	Established
Wellbeing	1. Making the most Educate & Equip to improve Wellbeing	2. Reassurance Demonstrate & Facilitate to support Wellbeing	3. Healthier choices Inform & Inspire to enhance Wellbeing
Community	4. Empowering and transforming Educate & Equip to build Community	5. Advancing my neighbourhood Demonstrate & Facilitate to transform Community	6. Feeling involved Inform & Inspire to contribute to Community
Infrastructure	7. Gaining needed infrastructure Educate & Equip to develop Infrastructure	8. Enjoying better, more supportive systems Demonstrate & Facilitate to improve Infrastructure	9. Feel good satisfaction Inform & Inspire to get the most from Infrastructure

# Partner for people and profits



O'Key, a fast growing retail chain in Russia, has pledged to protect the environment. The company uses safe construction methods and it plants shrubs, etc, outside its stores. It also recycles cardboard and plastic and uses biodegradable bags.

The chain is involved in projects to support vulnerable groups in society and co-operates with charities such as the Red Cross. It says employees share its 'social position', taking an active role in charitable and voluntary work.

<http://www.okmarket.ru/en/social-responsibility/>

TFC Trendspotter, Russia, see appendix for more details

**In markets across Eurasia and Africa there is the opportunity to make a contribution to the economic and social development of communities while protecting the interests of shareholders.**

The benefits, however, will not necessarily be quickly or easily won.

The optimal solutions depend on the development of partnerships and 'integrated opportunities' not only with consumers and stakeholders but also with other organisations. Retailers need to join forces with more 'faceless' companies to ensure the sustainable management of the supply chain and with policymakers and NGOs to create 'shared value'.

Collaboration is the future of sustainability — and therefore the future of the retail business. Developing partnerships is the over-arching imperative in the next 5 to 10 years.

To protect the interests of communities in Eurasia and Africa and the interests of their businesses, retailers need to develop closer partnerships with suppliers and other organisations.

For many people, retailers are the 'human face' of business. They provide not only goods and services but also 'social hubs' and meeting places; they connect with consumers in ways that other, less visible, companies don't.

How can they exploit this advantage to build a more sustainable future for themselves and the communities they operate in?

This report has answered that question by 're-imagining' sustainability. It's developed a three-step model for the design and implementation of solutions that improve people's lives and increase profits — and a new frame of reference for sustainable retail.

By putting people and their quality of life first, by understanding the mindsets of consumers in a particular catchment area and matching these mindsets to initiatives, retailers will be better able to develop initiatives that work and create value.

## Conclusion

The case for putting a new model for sustainability into practice is powerful. The benefits, highlighted by this report, include:

- New consumers as initiatives create new wealth in communities.
- Increased loyalty as existing consumers realise retailers are thinking of them and their needs.
- Increased profits as sustainable initiatives reduce packaging and transport costs and cut overheads — and create new products and new revenue streams.
- A stronger 'mandate' from consumers and policymakers to expand into new markets.
- Greater product and price differentiation as more people come to see the intrinsic value of sustainable choices.

The toolkit developed in the report is flexible and can be used in a catchment area, a country or across a region.

The 'agenda' for retailers also includes broader principles and priorities. Discussed in detail elsewhere in this report, these can be summarised in three simple words:

### THINK

See sustainability as an opportunity to connect with people and a 'natural' extension of existing relationships and commitments rather than as a series of problems to solve.

### SAY

Use language employees and consumers can relate to and understand such as 'progress' and 'improvements' and 'possibilities'. (Motivate and engage people through hope rather than fear.)

### DO

Involve consumers; ask them what's important to them. Track progress and communicate results. Remain flexible and adaptable: the needs of people in Eurasia and Africa are changing.

While the transition to truly sustainable business requires work, nothing on this agenda amounts to revolution.

**Retailers do not have to re-invent the wheel — but they do have to 're-imagine' the future.**



Khalis Food Market, an annual 'event' in Lahore, Pakistan, raises awareness of organic food. Vendors 'showcase' their produce on market stalls, educating consumers about the benefits of organic foods. The initiative allows food retailers to 'reach out' to the community, build relationships and expand their consumer base.

<https://www.facebook.com/KhalisFoodMarket>  
TFC Trendspotter, Russia.



The Alshaya Retail Academy recently opened in Riyadh, Saudi Arabia. A joint initiative between Alshaya International Trading Co and the Saudi government, the academy focuses on the opportunities the retail sector can provide for young Saudis. The Academy is the first of its kind in the kingdom, offering first-hand experience of store management, customer-care marketing, merchandising and other aspects of retail.

<http://www.alshaya.com/news-centre/press-releases/alshaya-news/alshaya-honoured-for-supporting-saudi-citizens-in-retail/>  
TFC Trendspotter, Saudi Arabia.

# Appendix

[Additional case studies](#)

[Further reading](#)

[Legal notice](#)

[Additional information](#)

## Additional case studies

### 1. Making the most

*Educate & Equip to improve Wellbeing*



#### Metro, Turkey

##### Improving nutrition and reinforcing product value

Metro offers clear and simple cooking advice in-store on how to prepare food in the most nutritious way, and advice on cheap nutritious choices, so people can make the most of the food they buy, without wasting any nutrients.

<http://www.metro-tr.com>

### 2. Reassurance

*Demonstrate & Facilitate to support Wellbeing*



#### Brazilian Association of Supermarkets, Brazil

##### Establishing common safety standards

The Brazilian Association of Supermarkets has launched RAMA, a service that monitors pesticide residues on product samples across the country, so people can judge the safety of what they consume. Shoppers can also scan QR codes to find out more about the supplier they are buying from, and whether they have ever been reported for safety breaches. The initiative helps organised supermarkets differentiate themselves from unregulated informal retailers.

<http://www.businessreviewbrasil.com.br/reports/abras-English>



#### Sahsooh, Saudi Arabia

##### Building health awareness

Sahsooh is a virtual brand ambassador of Hyper Panda, through which the retailer is spreading sustainability and health and wellness ideas.

[http://www.panda.com.sa/dammam/About-panda?\\_\\_store=dammam\\_en&\\_\\_from\\_store=dammam\\_ar](http://www.panda.com.sa/dammam/About-panda?__store=dammam_en&__from_store=dammam_ar)

### 3. Healthier choices

*Inform & Inspire to enhance Wellbeing*

#### Woolworths, South Africa

##### Becoming a trusted partner in healthy living

Woolworths says that by 2015, 50% of its food products will be 'healthy'. Woolworths is committed to selling sustainably sourced seafood and free range eggs and has taken GM ingredients out of its own- brand food. This directly addresses consumers' need for easy access to 'good-for-you' food.

<http://www.woolworths.co.za/>



#### Major manufactures and retailers, UK

##### Premium healthy food with direct distribution

In the UK, all major retailers and many major brands have signed up to a single consistent labelling system that offers shoppers simple and clear advice on levels of calories, sugar, salt and fat.

<http://www.bbc.co.uk/news/health-22959239>



### 4. Empowering and transforming

*Educate & Equip to build Community*

#### Nakumatt, East Africa

##### Empowering communities to make small changes

Nakumatt Holdings has invested more than US\$5m in an internal initiative to reduce the use of plastic and paper bags across its branches. In less than six months, it has reduced plastic and paper bag use by more than 15%. Shoppers are earning two extra smart points by shopping with reusable bags.

<http://www.nakumatt.net/>





## Coca-Cola and small retailers, Liberia

### Empowering women, supporting community development

Coca-Cola's 5by20 project in Liberia trains women on how to start up and manage a business and provides them with stock and coolers to start selling Coca-Cola products. By turning poor shoppers into retailers, the company expands its distribution network, and helps transform communities.

<http://www.coca-colacompany.com/stories/5by20/coca-cola-partners-in-liberias-growth-story>



## X5 Retail Group, Russia

### Empowering communities to make small changes

Perekrestok and Karusel have introduced a range of eco-friendly bags. Made of a spun bond non-woven material, they cost only 24 rubles — less than a dollar — each.

<http://www.x5.ru/en/>

## 5. Advancing my neighbourhood

*Demonstrate & Facilitate to involve in Community*



## Cambridge Food, South Africa

### Improving local business opportunities

In 2012, Cambridge Food provided 32 hawker stalls and a covered walkway outside one of its stores, offering local people a safe and convenient place to sell their goods. This new attraction also boosts the traffic to Cambridge Food's store.

<http://www.cambridgefood.co.za/about.asp>



## Shell, Cape Verde

### Supporting the development of local communities

Shell Cape Verde has been working with AAN, the Nature's Friends Association, to support cattle breeders, and introduce new irrigation and sustainable farming techniques.

<http://www.shell.com/global/aboutshell/contact-us/contact/contact-capeverde.html>

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## Makro, Russia

### Supporting the community through education

Makro:

- participates in schemes to feed poor children at school;
- assists orphaned children with extra tuition during holidays;
- rewards parents for shopping at Makro with school rebates;
- launched, in partnership with the Gauteng Department of Education, the Excellence in Education Awards in 2006.

<http://www.metrogroup.de/internet/site/metrogroup/node/35804/Len/index.html>



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## 6. Feeling involved

*Inform & Inspire to contribute to Community*

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## Shoprite, Nigeria

### Charitable donations

Shoprite has made a commitment to improve the lives of underprivileged young people, making significant donations to Red Cross Nigeria, SOS Children's Village, and many orphanages, and communicating all this good work to shoppers.

<http://www.shoprite.com.ng/Pages/Home.aspx>



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## Tesco and Unilever, global

### A Better Future Begins at Home

By working together, Unilever and Tesco were able to create product promotions (in-store and online) that both offered cheaper prices and communicated clear sustainability benefits. The promotions highlighted how more sustainable behaviours, such as washing at lower temperatures, reduce utility bills. The co-branding and the partnership helped make the messages more believable.

<http://www.tesco.com/groceries/ProductBuylist/default.aspx?id=L00002575>



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## Shoprite, South Africa

### Helping families get ahead through financing

Shoprite and BetterBond have teamed up to try to offer customers a better way to budget for a home. People can visit a Money Market counter in-store to find out more about home loans that best suit their needs.

<http://www.shoprite.co.za/Pages/home.aspx>





## 7. Gaining needed infrastructure

*Educate & Equip to develop Infrastructure*



### Coca-Cola and small retailers, Kenya

#### Increasing sales and safety

Coca-Cola has worked with the NGO One Degree Solar to provide kiosk retailers with free small solar panels and battery kits called 'BrightBoxes' that give kiosk owners a way of keeping their stores lit at night for free. 96% of owners report a reduction in energy costs, 92% have reported an increase in sales, and 99% report feeling safer working after dark. The initiative has led to a saving of an estimated 20,000 litres of kerosene, and 50,000 kg of CO2 per year. The BrightBoxes can also be used to charge mobile phones and radios, helping the kiosks become community hubs.

<http://www.proudlyafrican.info/Proudly-African/Proudly-African-Territories/Kenya/Business-Investment/Corporate-Profiles/Coca-Cola.aspx>



### Adopt a Light, Kenya

#### Increasing safety, expanding catchment

'Adopt a Light' enables companies to sponsor street lights in poor communities in Kenya to improve local safety — and show their concern for their consumers and the communities they operate in.

<http://www.adopt-a-light.com/>

## 8. Enjoying better, more supportive systems

*Demonstrate & Facilitate to improve Infrastructure*



### BIM, Turkey

#### Easy and convenient recycling

Throughout its stores, the discounter BIM offers recycling bins for plastic bags and batteries — two of the things people currently find hardest to recycle.

<http://www.bim.com.tr/>



### Lowe's, USA

#### Trading up while recycling

Home improvement retailer Lowe's partnered with power tools company DeWalt to create a trade-in, whereby people could recycle their current old power tools in return for a discount on new DeWalt tools. In this way, buying new products becomes sustainable and responsible.

<http://www.triplepundit.com/2012/04/lowes-csr-sustainability-report-2011/>

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## Spinneys, Egypt

### Supporting the development of the local catchment area

The supermarket Spinneys encourages consumers to use recyclable bags. It also works on a number of community projects, supporting orphans, encouraging local tourism and encouraging purchases of local produce.

<http://www.spinneys.com/Egypt/Default.aspx?pageid=2526>



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## 9. Feel-good satisfaction

*Inform & Inspire to get the most from Infrastructure*

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## Woolworths, South Africa

### Taking care of the environment

In 2010 Woolworths opened its 'greenest store' in Palmyra. The store recycles rainwater for use in toilets, uses refrigeration that avoids gases that damage the ozone layer, 'renews' heat from refrigerators for underfloor heating and has fitted sky lights for natural light, rather than ceiling lights. It is supplied by trucks that use more efficient liquid nitrogen refrigeration. The benefits, which include reduced energy costs and greenhouse gas emissions, are communicated to shoppers in-store.

<http://www.woolworths.co.za/>



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## Rusfond, Russia

### Inspiring Change

The charitable foundation Rusfond was set up by journalists in 1996 to support communities and help sick children in Russia. It has championed what might be termed 'viral giving'. (In 2008, it raised \$4.8m over the Internet.) Participants text the word 'good' to a short code, 5541 — and Rusfond publicises their donations on Russia's main TV channel, Channel 1.

[http://www.1tv.ru/sprojects\\_on\\_site/si5796/p244](http://www.1tv.ru/sprojects_on_site/si5796/p244)



# The Value Creation Model

The Coca-Cola Company process to manage and report sustainability initiatives

## 1. Take Inventory

**What we've collected to date**

200+ Local Initiatives  
30 Global Initiatives  
20 Large Scale Initiatives

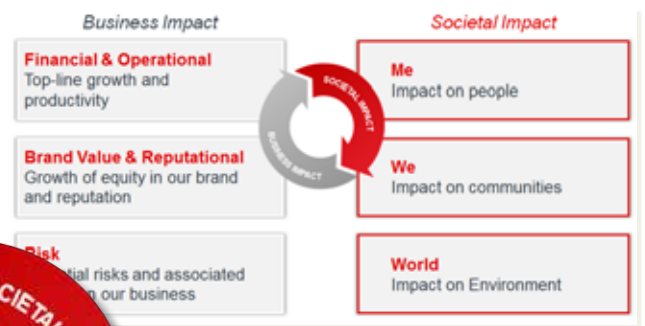
Under transparency and dialogue so you can prioritize investments, allocate resources, and articulate impact

**CRITERIA**

- Materiality:** Using the 80/20 rule, identify local projects that represent the majority of your business effort and investment
- Relevance:** Includes two kinds of initiatives
  - Business initiatives that create societal impact
  - Dedicated sustainability initiatives/partnerships that drive business impact

WHAT WE NEED FROM YOU

## 2. Assess Initiatives



## 3. Rank Priorities

**Example Deliverable:** The Value Creation Model will help prioritize water initiatives to largest business and societal returns

Composite score out of 400 points

**Current water initiatives**

- Puerto Rico Water Purse
- Reconstrucción Africa Initiative (RAAI)
- Water & Development Alliance (WADA)

**Societal Impact**

- Environmental
- Social
- Personal

**Investment** (High)

**Accelerate** (High)

**Revisit** (Low)

**Expand** (Low)

Numbered circles 1, 2, and 3 indicate initiative placement in the matrix.

## 4. Keep Score

ME METRICS	DE/OM	LAMM	NA	EAG	EU	PACIFIC
% Live/No Career Options	36% → 20%	36% → 23%	37% → 27%	27% → 27%	27% → 27%	27% → 27%
Transparent Mgt Compliance	94% → 100%	100% → 100%	82% → 100%	85% → 100%	85% → 100%	85% → 100%
% Countries w/ Physical Activity Programs	94% → 100%	99% → 100%	82% → 100%	96% → 100%	99% → 100%	99% → 100%
Market Responsibility Compliance	97% → 100%	100% → 100%	100% → 100%	100% → 100%	100% → 100%	84% → 100%
% DNE (Risk In Progress)						

# The Value Creation Model

Recognizes business and societal impacts

## Initiative Planning and Assessment

### Business Impact

#### Financial & Operational

Top-line growth and productivity

#### Brand Value & Reputational

Growth of equity in our brand and reputation

#### Risk

Potential risks and associated impact on our business

### Societal Impact

#### Me: Impact on people

- Low/No Calorie Options
- Front of Pack Calorie Labeling
- Active Healthy Living
- Responsible Marketing

#### We: Impact on communities

- Women
- Community Foundations
- Human and Workplace Rights

#### World: Impact on Environment

- Water
- Carbon
- Packaging
- Sustainable Agriculture



# Further reading

## **Understanding the nature and the scale of the sustainability challenges:**

<http://www.unep.org/publications/>

## **Holistic approaches to solving business problems and social challenges together:**

FSG Knowledge Exchange: Large bank of case studies and reports on how to improve quality of life while improving business results – includes many examples of companies that have successfully taken this approach within the region  
<http://www.fsg.org/KnowledgeExchange.aspx>

Michael Porter and Mark Kramer, 'Creating Shared Value', HBR, January-February 2011

## **Consolidated view of the way sustainability operates in the retail sector (US perspective):**

Retail Industry Leaders Association 2012 and 2013 reports on sustainability: <http://www.rila.org/sustainability/sustreport2013/sustainability-report-landing-page/Pages/default.aspx>

## **Motivational and psychological barriers to traditional versions of 'sustainability':**

<http://psychologyforasafeclimate.org/resources/The%20dragons%20of%20inaction%20Robert%20Gifford.pdf>

## **Regionally-specific sustainability-oriented resources:**

**India:** <http://www.sustainabilityoutlook.in/>

**Africa:** <http://www.greenafricadirectory.org/>

**South Africa:** <http://greenbusinessjournal.net/>

## **Leading experts**

Nudge, by Cass Sunstein <http://www.amazon.co.uk/Nudge-Improving-Decisions-Health-Happiness/dp/0141040017>

Conscious Capitalism, by John Mackay and Rajendra Sisodia <http://www.amazon.co.uk/Conscious-Capitalism-Liberating-Heroic-Business/dp/1422144208>

40 Chances, by Howard Buffet <http://www.amazon.com/40-Chances-Finding-Hungry-World/dp/1451687869>

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# Additional information

The Coca-Cola Retailing Research Council is committed to making this study widely available and disseminating its learning to as many people as possible.

The full report can be easily downloaded, in pdf version, from the [www.ccrcc.org](http://www.ccrcc.org) site.

Digital applications exist and are available on iTunes, via the App Store (for iOS) and the Google Play Store (for Android).

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