

Adding value to sustainability

Brands can gain the upper hand in difficult trading conditions by overcoming the tension between sustainability and value. This means engaging consumers and offering choices that provide both

As the harsh effects of the economy take hold, household budgets are tightening, creating uncomfortable trade-offs between emotional desires and a rational perspective of what's left in the wallet. Consumers' principles on the environment are also being tested, due to the perceived lack of good value sustainable products on offer or practical solutions that can save money.

This growing tension between value and sustainability calls for brands to take a fresh look at the value equation to see how sustainability can be integrated. Those that succeed could see a sustained brand loyalty that will prove to be important in these tougher times.

Brands need to show an appreciation of the "cultural capital" where the economic constraints affecting the social context of life today rival the impact of decisions on environmental issues in the longer term.

Consumers don't live in a vacuum, their consumption and behaviour is

naturally affected by what is going on around them. The credit bubble seems to have burst with house prices predicted to drop by 9% this year, the cost of food basics rise by up to 20% and fuel prices going up on a weekly basis. Rising food prices are partly blamed on global food shortages as a result of climate change and the demand for biofuels, bringing environmental issues to the fore.

There are obvious signs of changing behaviour as consumers come to terms with their options; to simply consume less of the same quality, demand more for less or even make new and different choices altogether. Growing your own vegetables is a rising trend, with the Horticultural Trades Association reporting a 31% increase in the sales of vegetable seeds against a corresponding 32% decline in the sale of flower seeds. This, coupled with the fact that 65% of consumers feel they shouldn't have to pay more for sustainable products, suggests the need for brands to respond

to growing consumer demands for value or for sustainability.

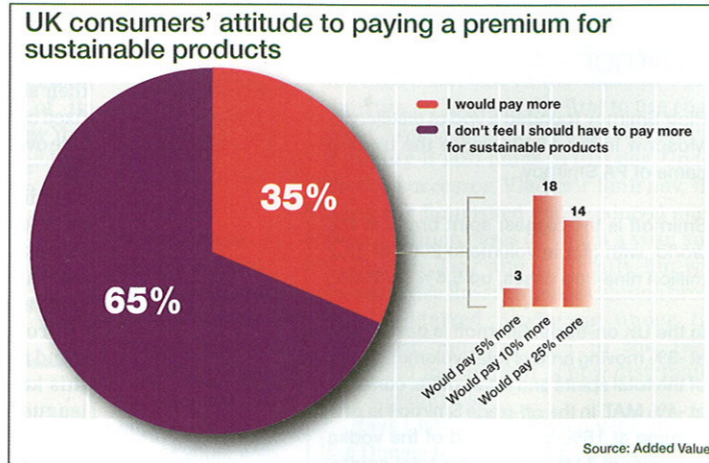
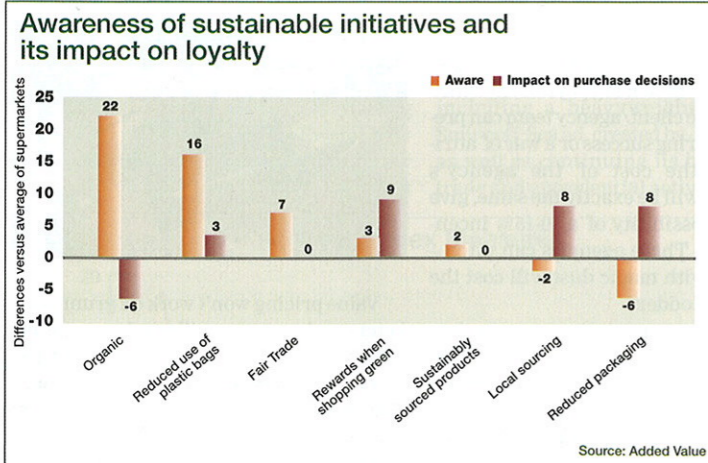
How do brands redefine value to include sustainability? The term "good value" has become culturally understood as "cheap" or "low cost", but the meaning is really about a relative understanding of what you pay versus what you actually get in return. To quote billionaire Warren Buffett: "Price is what you pay. Value is what you get."

Even in today's climate it's not just about price. Perception is key: what's relevant and meaningful to one person will be utterly different to another. Indeed, for 35% of consumers who claim they would pay more for ethical products, value could mean meeting their emotional desires of that more expensive item against their rational needs for better quality. Similarly, in the supermarket sector, rewards for shopping green, local sourcing and reduced packaging emerge as the most valued and motivating sustainable initiatives to drive loyalty.

Value is achieved when the product benefits or quality experience outweigh the negative detractors in relation to the price. Added Value research shows a correlation between a brand's responsible behaviour and its value. Indeed, sustainability can act as a benefit or by its absence create a detractor. Supermarkets are seeing a lift to their brand value as a result of their sustainable initiatives, as are those brands taking action in the lower interest utility sector.

Reframing what is valuable about a product or brand offers a new way to talk about value, and becomes especially pertinent in the context of sustainability. For example, energy saving appliances reduce carbon emissions, but importantly reduce energy bills. Better quality fashion is more durable than "disposable" options, creating savings in the long run.

Finally, look at how to bridge the gap between sustainability and value in a way that fits seamlessly with the core positioning. Beauty brand Aveda



Growing trend: There has been a 31% rise in the sale of vegetable seeds

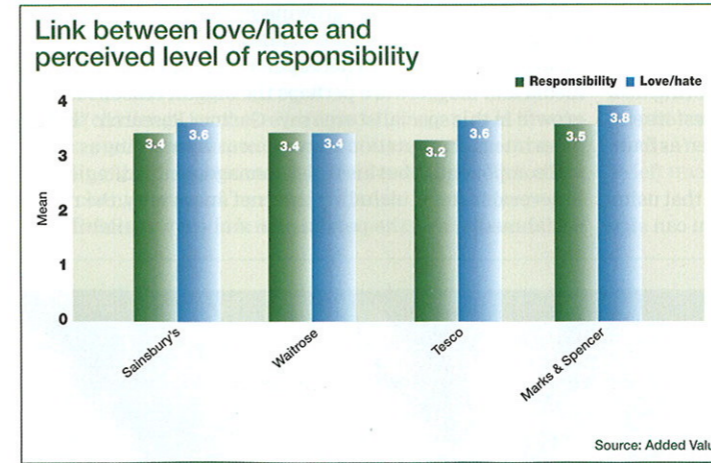
claims to be the first in its sector to manufacture with 100% wind power, with the launch of its Smooth Infusion range. Creating value with sustainability by drawing on the product benefits detracts from the higher price tag, a much harder task in the price driven retail sector.

Supermarket giant Wal-Mart has firmly aligned sustainability to its value proposition of giving customers the best price with their tagline "Save money. Live better" supported by regular product offers which "Save money. Save energy. Save the environment". Whereas Sainsbury's uses its "Try something new today" tagline with affordable recipes that will feed the family for £5. However, could a

sustainable message have added a further dimension to value by enhancing perceived product quality?

Overcoming the tension between sustainability and value is not easy and is hindered by the current pace of change. Brands have a responsibility to engage consumers by creating choices that offer sustainability as well as value, which could place them in a stronger position in today's difficult trading climate. But it's certainly no longer a case of one or the other. It has to be both.

Marie Ridgley, joint managing director, Added Value UK, contributed to this week's Trends Insight



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