

The Evolution of Sustainability Perceptions in Mass-Market Products*

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Abstract

Planet Life Economy Foundation (PLEF) is an Italian non-profit organization constituted in 2003 by managers and entrepreneurs from the mass-market industry. The perceptions of the sustainability of industrial brands (IB) and private labels (PL) are deepened according to consumer online opinions. The analysis conducted by WEB Research Srl (Gian Marco Stefanini) and Chase Rossman focuses on the outdoor clothing company "Patagonia" and its proprietary stores.

Keywords: Retail Companies; Sustainability; Mass-Market Industry; Global Markets; Private Labels; Industrial Brands; Market-Driven Management

1. Corporate Reputation and Sustainability

In 1987, the Brundtland Commission defined the concept of sustainable development in a report for the United Nations. Thirty years have passed and in 2003, Italy introduced the first government measures with the Corporate Social Responsibility regulations.

Several international conferences have since taken place to encourage sustainable business practices, some successful, such as the first RIO and KYOTO conferences, while others were less successful, such as the COPENAHGEN and COP 21 conference in Paris. The UN Millennium Development Goals endorsed by Pope Francis' encyclical 'LAUDATO SII' declared an integral ecological approach 'to bring the countries and citizens of the world together to embark on a new path to improve the lives of people everywhere'.

Since its founding, PLEF has stated that building enduring value for enterprises and the wellbeing of people necessarily requires changing many of the universally adopted shopping behaviours that characterize our lifestyles.

Accordingly, since 2011, PLEF has organized a specific forum dedicated to exchanging experiences and sharing ideas for different types of distributors including consolidated businesses evolving towards sustainability, those specifically founded with social or environmental sustainability objectives or start-ups with a disruptive new concept or model to meet demand for goods and services in a more sustainable way.

* Invited Article

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This event is known as the GREEN RETAIL FORUM and follows the trends in the sustainability reputation of mass-market companies through monitoring the online opinions of consumers. According to Italian internet users, the positive sustainability ratings for retailers (80%) exceed those of manufacturers (60%). The data from a web study conducted on how the online population feels about industrial or retailer products sold in 16 chain stores between 2012 and 2015 consists of 699 million opinions related to industrial brands (not however referring to sustainability issues) and 172 million opinions on retail brands concerning the same generic issues. Instead, opinions on sustainability issues numbered 59 million for industrial brands (IB) and 80 million for private labels (PL) relating to 157 categories of products and 17,500 own label products.

Table 1: *Positive Opinions on PL and IB Sustainability Values by Type and Outlet*

	% Opinions	% Opinions	% Opinions	% Opinions
	PL	IB	PL	IB
	01/06/2015	01/06/2015	01/06/2012	01/06/2012
	31/12/2015	31/12/2015	31/05/2015	31/05/2015
PRIVATE LARGE				
Carrefour	67	33	65	35
Lidl	59	25	58	28
Auchan	58	39	56	42
Slunga	55	51	53	53
Eurospin	51	44	49	46
Iper la Grande I	22	37	20	40
TOT	312	229	301	244
ASSOCIATIVE LARGE				
Coop	80	69	77	73
Conad	49	65	76	68
Selex	48	51	45	55
TOT	177	185	198	196
PRIVATE MEDIUM				
Pam Panorama	44	36	42	38
Simply	41	30	39	31
Unes / U2	32	14	29	17
Billa	20	11	18	12
TOT	137	91	128	98
ASSOCIATIVE MEDIUM				
Crai	46	53	44	56
Sigma	36	24	35	27
Vege	13	5	11	6
TOT	95	82	90	89

In all the retail outlets shown in this table, the number of positive opinions for private labels increased in the two periods and decreased for industrial brands.

Table 2: *Positive Opinions on IB Sustainability by Product Category and Period*

	Food	Children	Pets	Dedicated Lines	Homecare	Personal Care	Generic Pharmaceuticals
1.06.2012 / 31.05.2015	55%	57%	56%	68%	34%	51%	58%
1.06.2015 / 31.12.2015	56%	59%	56%	70%	34%	52%	60%

Table 3: *Positive Opinions on PL Sustainability by Product Category and Period*

	Food	Children	Pets	Dedicated Lines	Homecare	Personal Care	Generic Pharmaceuticals
1.06.2012 / 31.05.2015	73%	68%	68%	58%	51%	62%	70%
1.06.2015 / 31.12.2015	77%	73%	70%	64%	53%	65%	74%

These tables show that the positive opinions of both IB and PL sustainability have increased over time.

Table 4: *Percentage Difference between the Positive Opinions of PL and IB in the two Periods*

	Food	Children	Pets	Dedicated Lines	Homecare	Personal Care	Generic Pharmaceuticals
1.06.2012 / 31.05.2015	18%	11%	12%	-10%	17%	11%	12%
1.06.2015 / 31.12.2015	21%	14%	14%	-6%	19%	13%	14%

Significantly, the differential in positive PL and IB opinions widens in the two periods and where PL rates lower than IB (dedicated lines, for example, for coeliacs), the distance decreases.

2. Sustainability and Point of Sale Product Range

The product range at a point of sale is largely responsible for the level of environmental and social sustainability of a retail outlet. The ecological/social footprint of each of the thousands of products on the shelves creates virtuous or harmful values on which actions can be taken in terms of energy, waste, emissions and so forth. The analysis of consumer opinions shows that this is a source of great interest through which purchasing decisions can be stimulated.

Private label distributors would seem to facilitate consumer understanding of the social and environmental attributes of the product, probably because the influence

of advertising is less perceived and even if intended to communicate sustainability, is ideologically linked to a persuasive function. Conversely, the retailer's umbrella brand enables consumers to concentrate on the message on the packing or label itself and any other supporting information using the retailer's image and communication for the emotional aspect and the product communication for the rational aspect.

Also important is what can be learnt from the new 'Benefit Corporation', namely, companies that in their statutes and governance confer responsibility to their directors for the social, environmental and economic effects of their operations, the ultimate sustainability orientation.

A good example of this approach is that of American 'PATAGONIA', a case of vertical integration from production to end user, in other words, a single-brand distributor.

We deem that being both a manufacturer with a 'brand' and retailer with a 'store' may help create the balance/harmony between emotion and awareness, and PLEF is promoting this as a change from the old to the new economy that balances immateriality (emotion) and materiality (awareness).

In the case of PATAGONIA, we summarise some of the CSR communications on their website that exemplify their attitude.

PATAGONIA web analysis minutes¹

a. Patagonia recently launched a campaign called the Footprint Chronicles intended to use the transparency of their supply chain to reduce adverse social and environmental impacts. The map on their website shows the locations of all the company's textile mills, factories and farms. They also post many articles concerning their supply chain and how to improve transparency.

i. Every product Patagonia sells has a link next to it that traces the materials used back to its source. This allows customers to be aware of the impact each product has whenever they make a purchase.

ii. The Footprint Chronicles are Patagonia's way of communicating sustainability initiatives to customers. They believe that an ordinary CSR report is not enough and wanted to create a more interactive and accessible way for people to learn about their initiatives.

iii. According to Patagonia, transparency requires visibility and accessibility. Most companies publish CSR or environmental impact reports, but the average customer is never going to search for those documents. Enabling customers to view the source of materials whenever they purchase a product and read articles about topics relating to sustainability on the website promotes transparency.

b. Patagonia openly accepts that some of the company's operations contribute directly to climate change and damage the environment. Patagonia uses the truth as a weapon, so to speak, by being honest about their practices to create trust with their customers. They understand that nobody believes that a company as big as Patagonia is completely clean and environmentally friendly and that real transparency entails disclosing the good and the bad. With this, they create trust and open dialogue with customers.

c. Some other Patagonia campaigns include the Worn Wear Initiative and the Fair Trade program.

i. The Worn Wear Initiative is a campaign focused on reducing the number of clothes and products people buy. Patagonia emphasizes only purchasing what one needs, avoiding excess shopping and repairing/reusing clothes. They state, 'Quality is at the heart of sustainability' and support the Worn Wear Initiative by producing durable, long-lasting clothes to minimize the need to purchase more clothes. This is interesting as it goes directly against the goal of most companies to sell as many clothes as possible. Patagonia also offers a lifetime guarantee on products (Patagonia's Ironclad Guarantee) allowing customers to send damaged clothing to be repaired.

ii. The Fair Trade program is Patagonia's way of promoting liveable wages for its factory workers. Some of the clothing is fair-trade certified, meaning Patagonia paid a premium to the workers who produced the clothing to ensure they are rewarded for their efforts. One factory earned an additional \$76,000 as a result of the program, which they used to buy raincoats for the monsoon season and build a kitchen, amongst other things. The program also encourages dialogue between workers and managers, which allows their voices to be heard. This is a huge improvement over companies such as Nike, which are infamous for their lack of transparency and the low wages they pay their factory workers.

3. Emerging Issues

In terms of the evolutionary prospects, regardless of whether retail suppliers have a better sustainability reputation than industrial suppliers, we easily envisage that consumers will fully express their views.

In this respect, two potential scenarios emerge:

The first is that sustainability becomes commonplace, no longer a novelty, losing attention and priority, and consumers will assume that by definition every offer is sustainable.

The second is that sustainability becomes an obligation and consolidating the notion of respecting a constraint; the focus will be on finding solutions with supporting evidence and the implementation of a resilience model.

Both scenarios are at risk of not contributing to the evolutionary development of sustainability. The first because banality leads to incognizance as in the Titanic tragedy, the second due to the human condition, since focusing on duties does not motivate behaviour but creates new ghettos.

Perhaps a useful perspective to foster, after awareness, is real involvement that is relationally dynamic and replete with positive energy to jointly (consumers-industry-distributors-regulators) pursue a positive approach to the challenge by sharing ideas, skills, abilities and tools.

Hence, seeing and reading the proposals and suggestions of internet users for new networks with dialog in full symmetry between companies and institutions through blogs and social forums instils hope for good prospects, since the digital community tends to be a more sustainable community.

From this perspective, the more companies become aware of the opportunities, the more businesses will have a future. Certainly, the relationship between manufacturers and retailers will become increasingly hybrid and the new protagonists will be, and to some extent already are, virtual industry/retailers as

well as a potentially independent platform designed to collect feedback on the industrial/retail offering with the participation of consumers.

All will become witnesses of sustainable mass consumption, not merely in words but in deeds.

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Notes

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