

Marketplace Insights from Business in the Community

March 2016

News, research and the latest buzz on purpose-driven brands and customer trust

Products and innovation

[What is the true business of business?](#) Nick O'Donohoe of the Bill and Melinda Gates Foundation argues Corporate Social Innovation answers this question, introducing the WEF's report developed with the Schwab Foundation for Social Entrepreneurship - [Social Innovation a Guide to Achieving Corporate and Societal Value](#). We like the range of case studies in this report. Selected examples relevant to products and innovation include Allianz's new insurance services for previously underserved low-income households in developing economies, and C&A's new sustainable Bio Cotton which makes up 40% of their cotton products sales, selling faster with lower markdowns creating a higher gross margin for the company. The cotton farmers are satisfied too – with lower production costs, less reliance on intermediaries and more resilient crops.

[License to Innovate: Breakthrough Strategies for Social Impact](#) is a lengthy but potentially very useful guide for businesses published by Deloitte and World Business Council for Sustainable Development. This guide is focused on the operational tactics companies can deploy to kickstart processes internally have a social impact via your core business profitably. At a top level these include - investing in external solutions; engaging a network; accelerating external services to solution development; 'sandbox' solutions and; innovating in-house.

Customer demand

The Futures Company have released a [Global Monitor Insight Framework](#) into [Greenprint sustainability segmentation](#) of consumers worldwide. The paid-for service provides a simple model for understanding consumers' sustainability motivations and barriers, and suggests companies select from the study's 7 customer segments that most match their business. The segments range from Green Enthusiasts (most likely to be found in Mexico) to Not Really Bothered (most common in Japan, followed by UK!). Barriers range from confusion to constrained budgets, with Motivations ranging from personal welfare to societal expectations.

Articles in [Brand Quarterly](#) and [Marketing Week](#) highlighted the importance of purpose and meaning for brand reputation and how this can enhance performance internally and externally. Havas Media's 'Meaningful Brands Report' showed that the 25 top meaningful brands outperform the stock market by 133% e.g. Unilever reporting accelerated growth with socially responsible brands. Whilst the 'Good Must Grow' Survey found that for-profit organisations that do good encourage higher brand awareness than non-profits, with TOMs, Whole Foods and Microsoft coming out top.

In a recent [interview](#) with the authors of [Connect: How companies succeed by engaging radically with society](#), Lord John Browne former BP CEO, McKinsey's Robin Nuttal and entrepreneur Tommy Stadlen discuss why organizations should look beyond CSR to truly engage with their customers and communities. Their research found that engaging with your stakeholders is worth about 2 percent a year in stock-market performance, whilst 30 percent of a company's value is at risk of society's negative perceptions. Authenticity is key - spin is no longer relevant, a company's reputation now depends on something tangible. **Customers and employees want to see skills, processes and metrics that fuel innovative ways to contribute to society.**

Opower, a [Fortune Change the World list](#) company, is featured in this [Huffington post article](#) for its excellent communication strategies with customers which maximises the company's and customers' ability to address social and environmental issues with their core business strategies.

Employees and internal culture

Coach to CEOs and author Steve Tappin investigates the firms adapting to millennials – by integrating trust and purpose into their business to nurture a creative and innovative workforce in this [BBC video](#). This trend is also showing that [employees are willing to sacrifice material wealth](#) for higher purpose in their day job.

An [in-depth study of over 2000 marketing leaders](#) by Brandworkz and the Chartered Institute of Marketing has explored the challenges, opportunities and leading practices that entwines brand promise and customer experience. According to 81% of respondents brand performance is **better built through customer experience than communications**. Internal behaviours and engagement prevents customer experience, as when “marketing is busy communicating high quality and sustainability, while the sales team is trying to reach the lowest possible price-point and HR is struggling to find and retain the right talent, it’s no wonder brand values - and customer experience - come unstuck.” If core businesses processes are aligned to a company’s values then brand purpose is more tangible for customers and performance optimised.

Leadership

Maximising shareholder value is quickly becoming [‘the world’s dumbest idea’](#), with a series of CEOs from Salesforce, Alibaba, Unilever, Whole Foods denouncing the goal of shareholder profit. Alternative purpose goals range from simply putting customers and employees before the shareholders, to ultimately improving the state of the world.

Cornell University Organizational Behaviour professor Marya Besharov discusses the benefits and challenges of combining profits and purpose in this [Quartz article](#) highlighting the need for clear and strong company leadership to create the perfect ‘hybrid business’. **Absent effective leadership can lead to clashes between those employees driving for profit and those driving for values**. Whilst the two don’t have to be polar opposite, and in fact enable each other if done seamlessly, “we need leaders who can unite capitalists and idealists, leaders who can build guardrails that prevent hybrids from drifting too far toward one extreme or the other.”

Events

Business in the Community’s Marketplace agenda is running 2 workshops during Responsible Business Week on 19th April at the LSE aimed at Marketing, Commercial and Sustainability professionals. [Trusted Brands](#) and [Products with Purpose](#) feature experts, company insights and facilitated breakout group discussion.

[Sustainable Brands 2016 conference](#) will explore how brands and business leaders can activate purpose with sustainability-led innovation with new products, services and business models that ‘creates scalable impact and profitability.’ Taking place June 6th – 9th in San Diego. The Europe conference is in September in Copenhagen.

[Advertising Week’s Europe conference](#) sees a host of sessions aimed at the Marketing and creative profession in London during 18th-22nd April. Selected highlighted sessions related to the Marketplace agenda include [How culturally connected brands engage consumers](#), [The value of trust](#) and [Trust: Digital’s new currency](#).

For more information about BITC’s Marketplace agenda please contact Charlotte West, Marketplace Director
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