

# The Future's So Bright Green Sustainability Conference

**POPAI**  
THE GLOBAL ASSOCIATION FOR MARKETING AT RETAIL  
AUSTRALIA & NEW ZEALAND

# Blackmores

## Philip Daffy

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## How to Make Money from Sustainability

# Blackmores Case Study

POP AI Conference  
23 October 2009

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## Sustainability ...

is not just about minimising a  
business's impact on the  
environment



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## Presentation will focus on:

- What being sustainable means to Blackmores
- Why it's good for business
- How we sustain growth in a competitive, generic marketplace
- How our values, environmental and social responsibility initiatives help the bottom line
- Seven steps to sustainability

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## Blackmores evolution as LOHAS business

- Australian company started in 1930s
- Mineral deficiency underlying cause of disease
- Based on naturopathic principles
- Started out training naturopaths
- Growth in retail started in 1970s
- Now mainstream, no longer alternative
- Widespread consumer acceptance
- Industry growth 6%



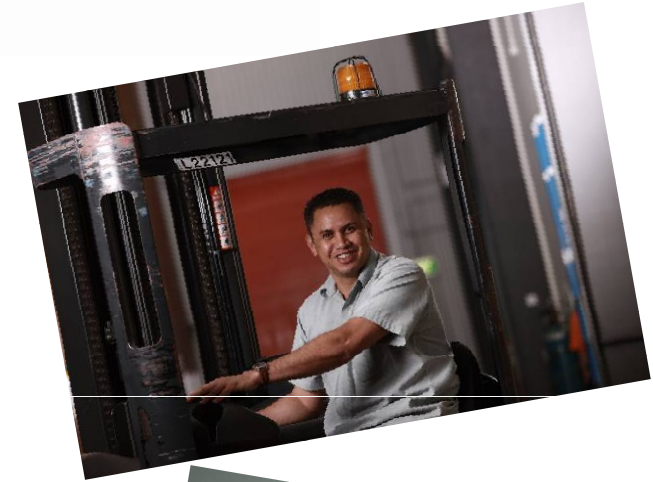
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## Culture and Values

- Core Values PIRLS
  - Passion
  - Integrity
  - Respect
  - Leadership
  - Social Responsibility
- Collective agreement, 97.5% acceptance
- Flexible workplace, 24% part time
- 10% after tax profits shared
- Matched donations for charities
- Staff turnover rate 13.5%



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## Building Design and Working Environment

- Greenfield site consolidation
- Trigeneration on-site gas-fired electricity
- Water harvesting
- Air flow control, solar chimney
- Light / motion sensitive lighting
- Fleet cars changed over to LPG
- Environmental health
  - Low VOC emitting carpets / furnishings
  - Internal gardens
  - Minimal air conditioning



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## Product and Packaging

- Policies control
  - Ingredient origin and selection
  - Animal testing, animal products
  - GMOs
  - TSE
- Packaging
  - Minimal
  - Glass
  - Paper
- National Packaging Covenant
  - Cross functional team
  - Reduction in print copies of Annual Report



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## How to be sustainable in a generic marketplace

- The issues:
  - All products TGA “approved”, so hard to differentiate on quality, unique ingredients
  - Claims limited to health maintenance, symptom relief
  - IP hard to obtain
  - Easy to “borrow” traditional and scientific evidence
  - Expensive and slow to gain approval for new ingredients or claims
  - No full ingredient labelling



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## How to be sustainable in a generic marketplace

- Blackmores approach:
  - Support research
  - Work with key opinion leaders
    - Pregnancy and Breastfeeding
    - MINDD
    - Macu-Vision
  - Stay out of suspect segments
  - Segment existing categories
    - Fish Oil Concentrates
    - Multivitamins



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## Investing back into the Community

- Heart Research Institute
- Blackmores Eye Unit, Myanmar
- Blackmores Sydney Running Festival
  - Run, get fit, support charity



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## Engaging with the Community

- Manly Environment Centre
  - Arose out of health concerns around ocean outfall and incineration of waste, polluted lagoon.
- The Kids, Companies and Creeks project
  - Collaboration with OZGreen, Streamwatch
- Open day attended by 2,000 locals to celebrate new site opening
- Working with local high schools



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## The Bottom Line

Bottom line benefits arise from

- Reducing consumption of resources
- Controlling the supply chain
- Consumer trust
- Staff retention
- Increase in sales of Australia's most trusted brand in its category



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## Recognition

- Sustainable small company of the year 2008 (Ethical Investor)
- Evolution Packaging Magazine Award winner 2006, 2008
- Australia's Best Managed Company (Small Cap) 2007 (Asia Money Magazine)
- Hewitt Best Employer 2005
- Reader's Digest Australia's Most Trusted Vitamin and Supplement Brand 2009



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## Blackmores Seven Steps to Sustainability

- Establish your sustainability priorities
- Walk the talk
- Minimise your footprint across all aspects and locations
- Establish trust with your customer / consumer
- Recognise employee rights
- Take control of and responsibility for your supply chain
- Report and promote honestly



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**If you make a green claim about  
a product, service or building...**

**Make sure you can  
support it 100% !**