



# The Future's So Bright Green Sustainability Conference

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

# FMCG

# Sustainability Institute

## Margaret Haseltine & Peter Huskins



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**Don't Just sit there – do something!**  
**Sustainability in**  
**Australian FMCG**

POP AI Conference  
October 23rd 2009

Margaret Haseltine  
Peter Huskins

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## What we'll talk about today...

1. Who we are and what we do
2. FMCG Sustainability Barometer
3. Bridging the gap
4. Case studies – results from getting started
5. Don't just sit there! Do something

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## Who we are and what we do...

### Research

- FMCG Sustainability Barometer
- Global best practice
- Trends

### Education

- Industry-wide
- Company specific
- Members



### Strategy

- FMCG specific Sustainability strategy and marketing for competitive advantage

### Implementation

- Activate in trade / supply chain, in market, in store

Bringing FMCG and Sustainability together through thought leadership, research, education, strategy and on-the-ground help.

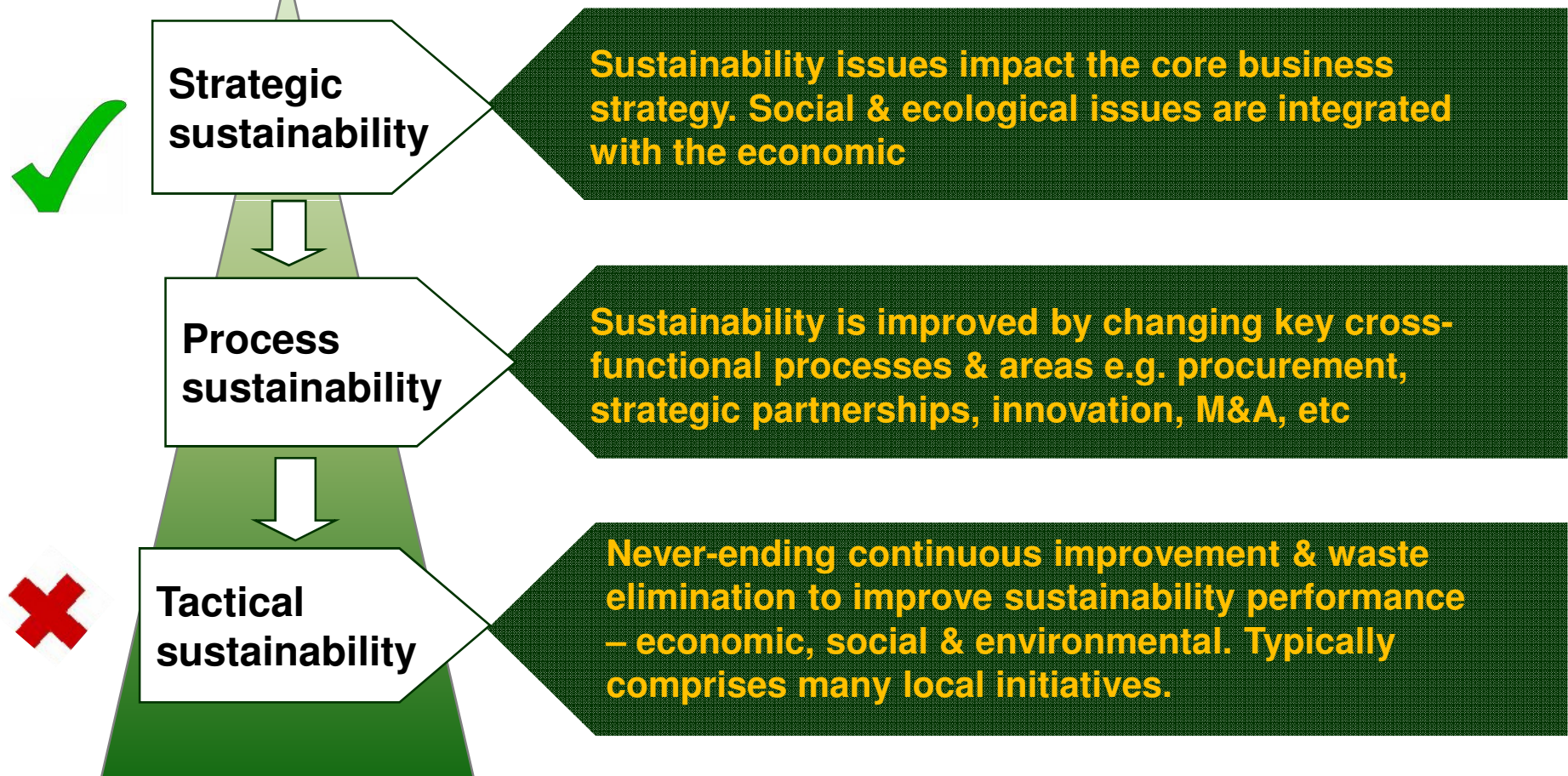
A joint initiative of  and 

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**Three 'levels' of sustainability....  
we help retailers and suppliers apply it**



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Jigsaw Strategic Research



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Australia's premier trade publisher



## Retail World FMCG Sustainability Barometer 2008

### Objective

To provide a barometer to determine where the collective Australian FMCG & Retail industry is at in relation to environmental, social and economic sustainability



Conducted 11<sup>th</sup> September – 1<sup>st</sup> October, 2008.



Via Retail World, ASMI, AACS and to members of the FMCG Sustainability Institute's database.



**A total of n = 271 members participated in the survey.**

- good mix of business sizes (>50% have less than 100 people, 14% have over 1000 people)
- industries with an A/NZ focus
- an even spread of turnover (approx 33% were >\$100m, 33% were <\$10m)
- good mix of respondent positions (**approx 20% were CEO/MD, 20% were GM**)



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## Summary of results & implications

1. Slow participation rate
2. No strong links to the commercial model
3. Lack of education and internal measurements
4. Drivers required
5. Help needed



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## Summary of results & implications

### 1. Slow participation rate

Whilst sustainability is still something of a 'spectator sport', companies are increasingly seeing the importance of and moving towards implementing a sustainability strategy. However, greater pull-thru factors are required to turn it into a participatory sport.

### 2. No strong links to the commercial model

Sustainability currently perceived in 'soft' terms (community, environment) rather than hard measures (profit/ cost). Clear proof of increased economic performance (at no increased cost) is the key motivating factor to implementing a sustainability strategy.

### 3. Lack of education and internal measurements

While there is now more awareness of strategic sustainability; goal setting, monitoring, reporting and training around sustainability practises are not yet a priority. Simple tools are required to help companies get started and manage sustainability strategy development and implementation.

### 4. Drivers required

Voluntary and shared responsibility is not enough to get traction. Some customer/ legislative 'sticks' are required as well as organisational 'carrots' and appropriate structure, resources, support and training.

### 5. Help needed

For those with a sustainability strategy, assistance is required with funding and KPI setting. For those without a strategy the key need is education around scope and target setting.

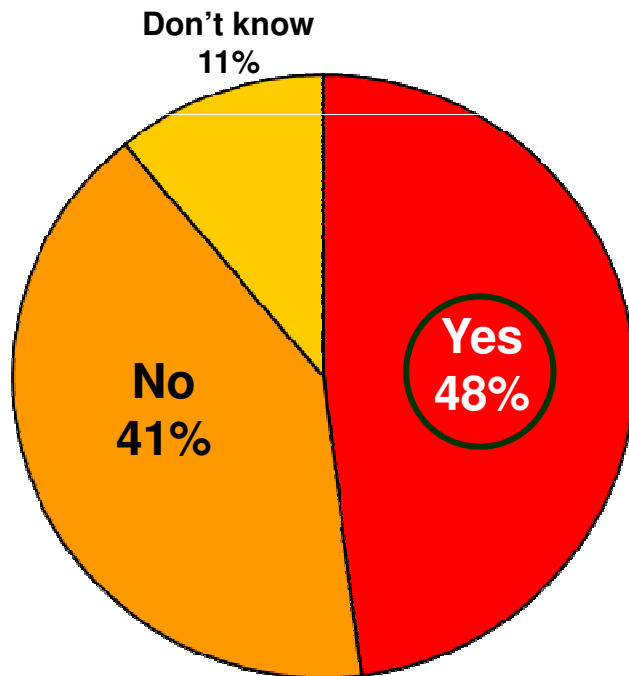
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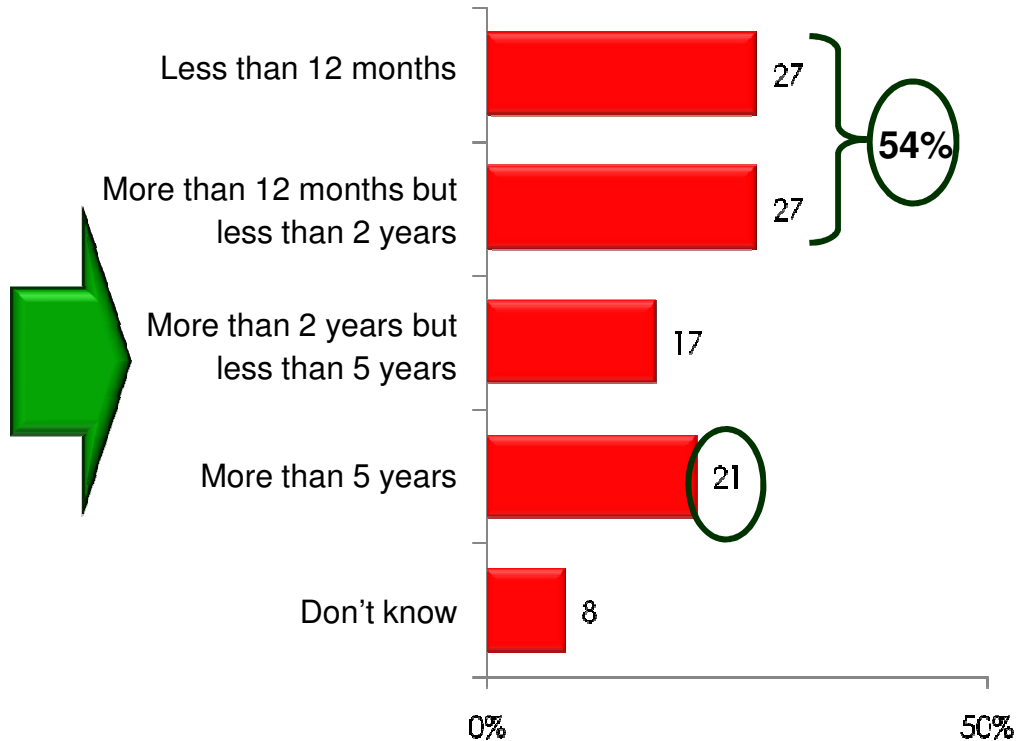
## Slow participation rate

Half report that their companies have a sustainability strategy – and it's relatively new...



Q. "Does your company have a sustainability strategy?"

Base: Total sample, n=271



Q. "How long has your company had a sustainability strategy in place?"

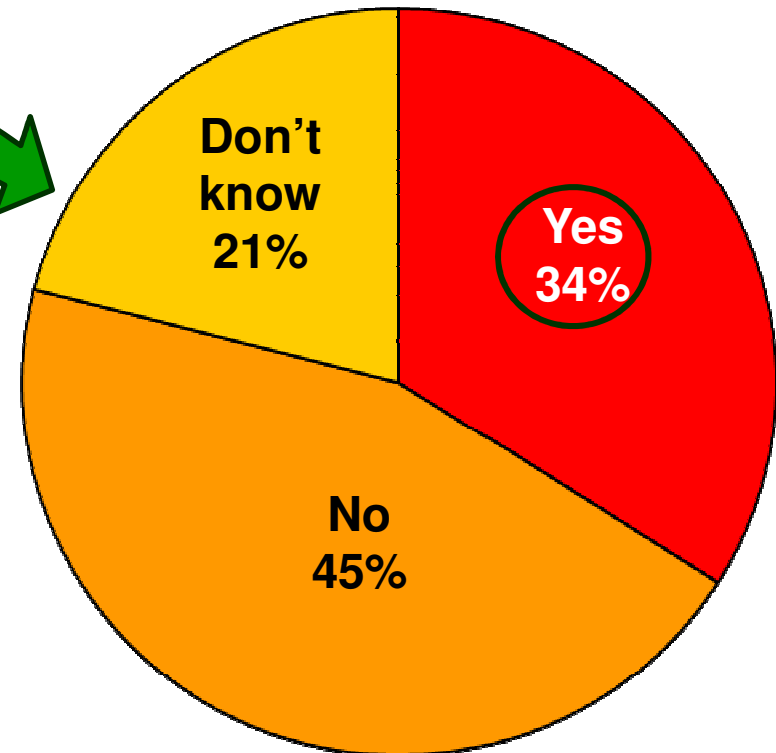
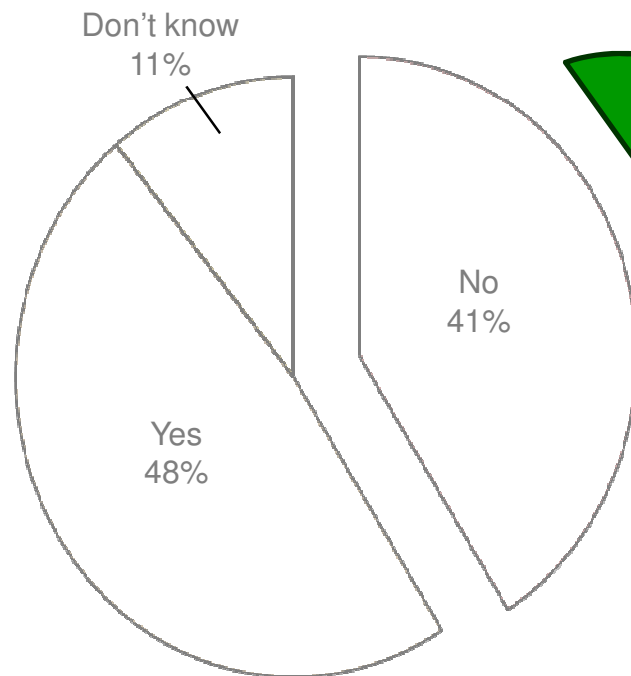
Base: n=130

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...with 1 in 3 of those currently without a sustainability strategy intending to develop one in the future



Q. "Does your company have a sustainability strategy?"

Q. "Does your company have any plans to develop a sustainability strategy in the future?"

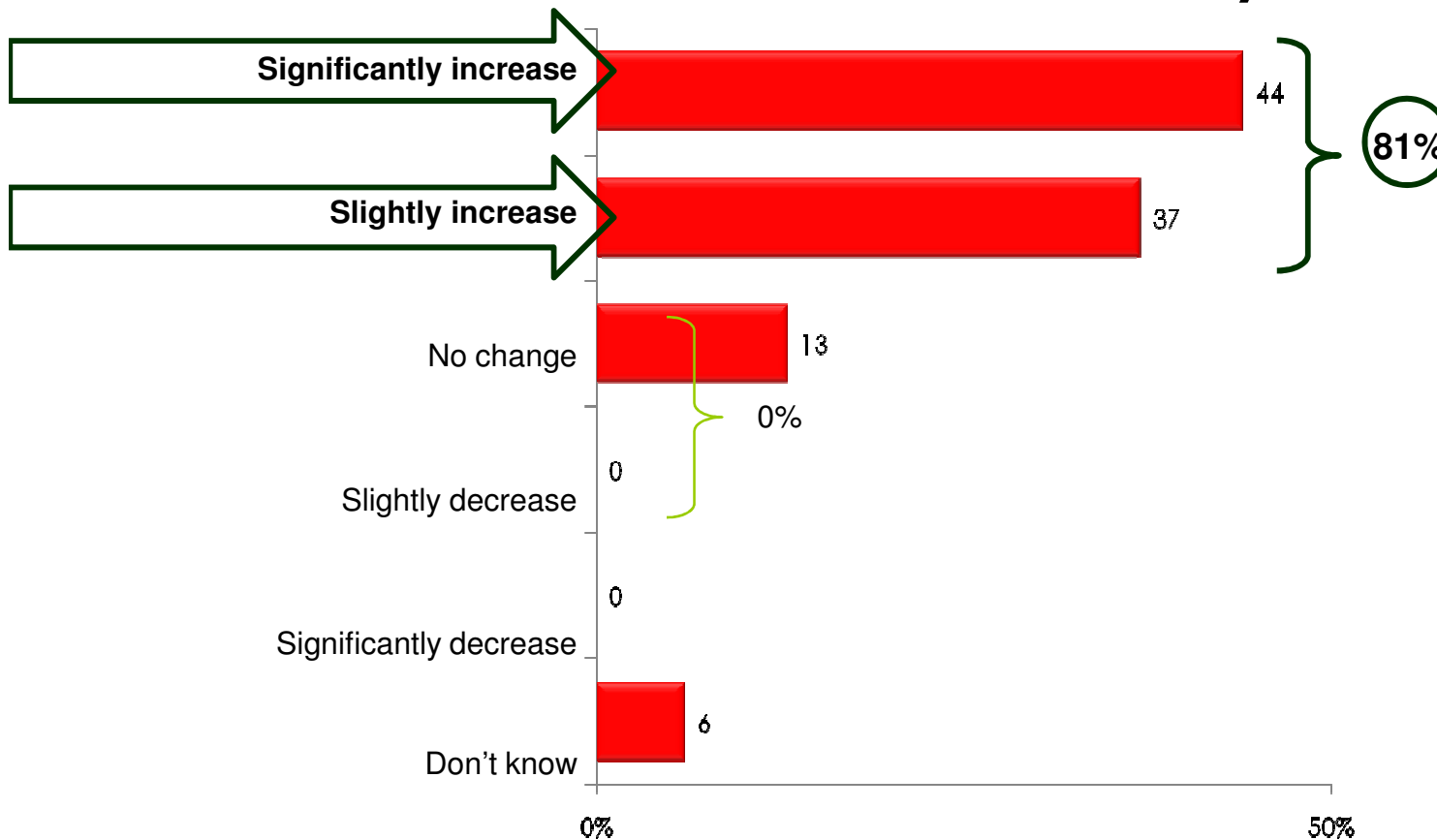
Base: n=110

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**>80% recognise that importance of sustainability is going to increase over the next 2-3 years...**



Q. "Is the importance of sustainability for your company likely to increase, decrease, or stay the same over the next 2-3 years?"

Base: n=271

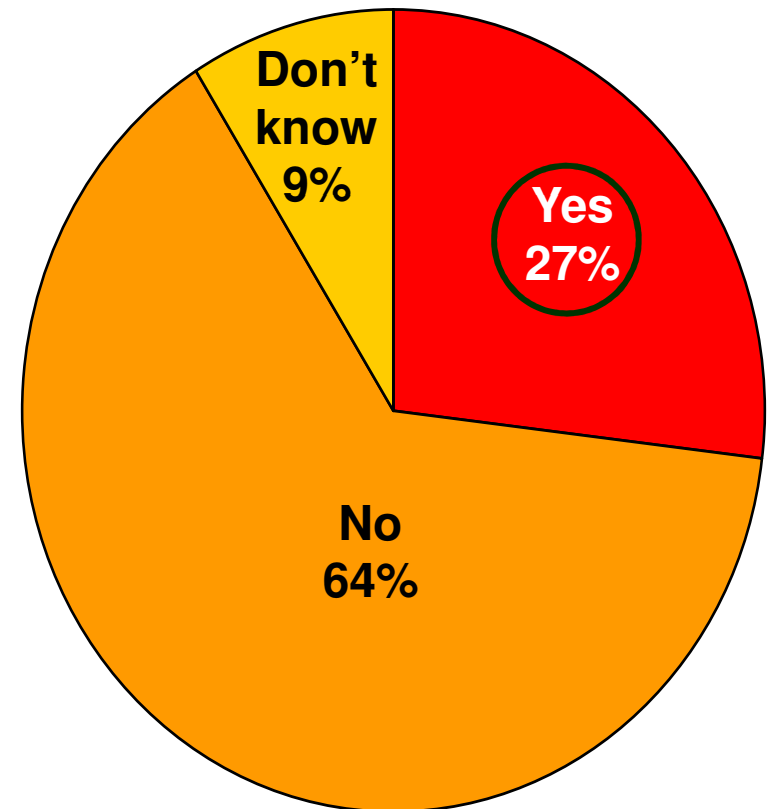
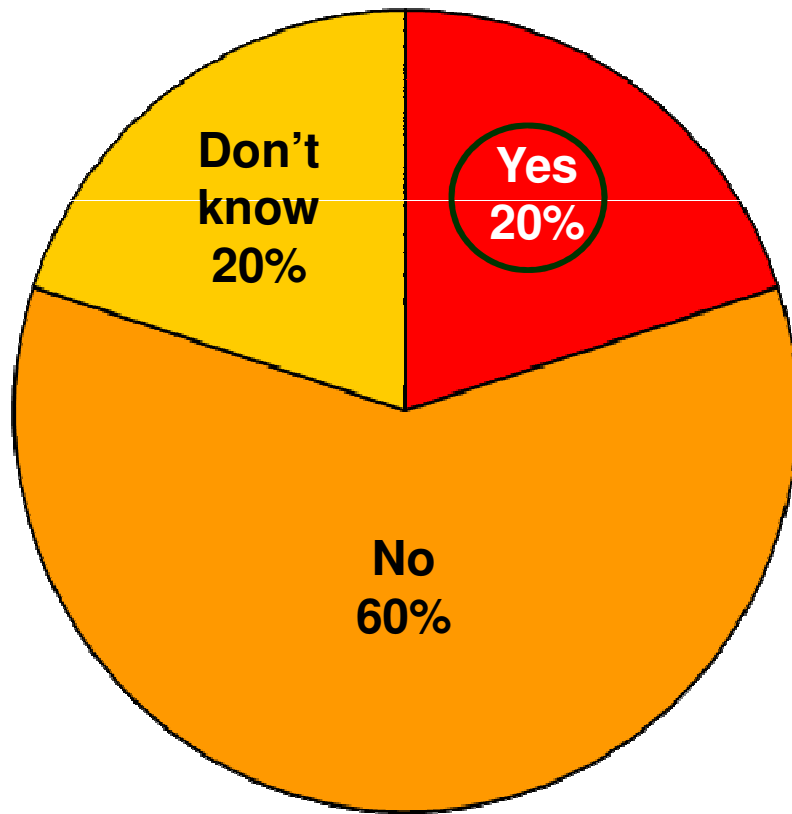
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## Lack of education and internal measurements

Only 20% report on sustainability....and <30% have it built into remuneration



Q. "Are sustainability targets specified in company business plan?"

Base: n=271

Q. "Does your company tie any staff bonus payment to the achievement of those sustainability targets?"

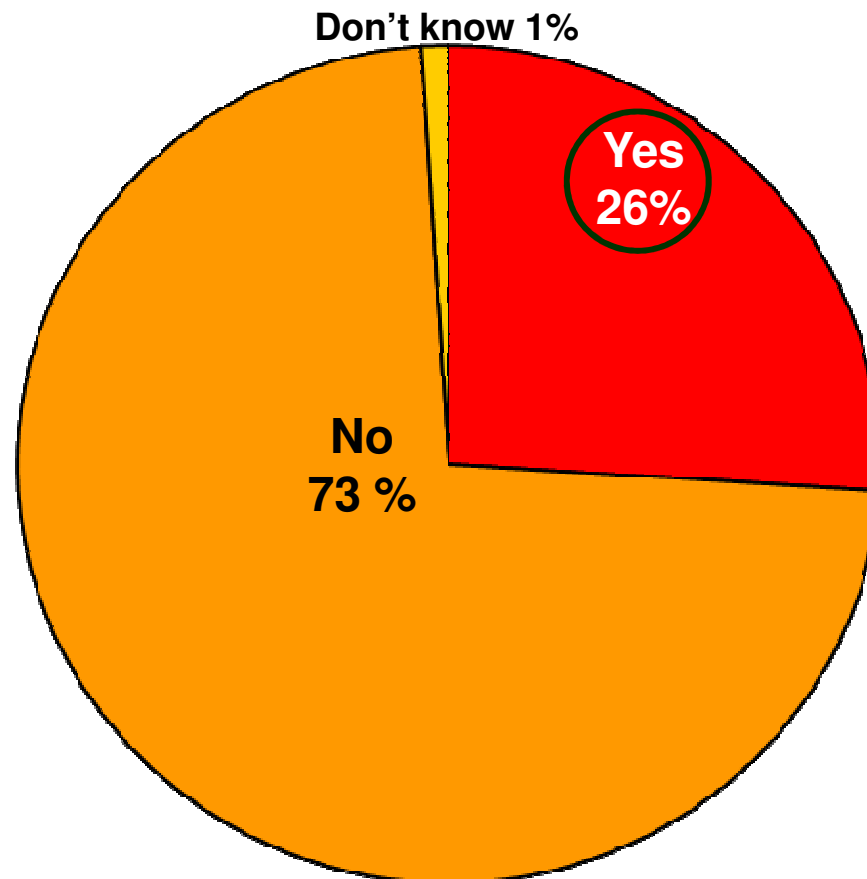
Base: n=110

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**Only a quarter of those surveyed have  
received training on sustainability issues**



Q. "Has your company provided you with any training on sustainability issues?"

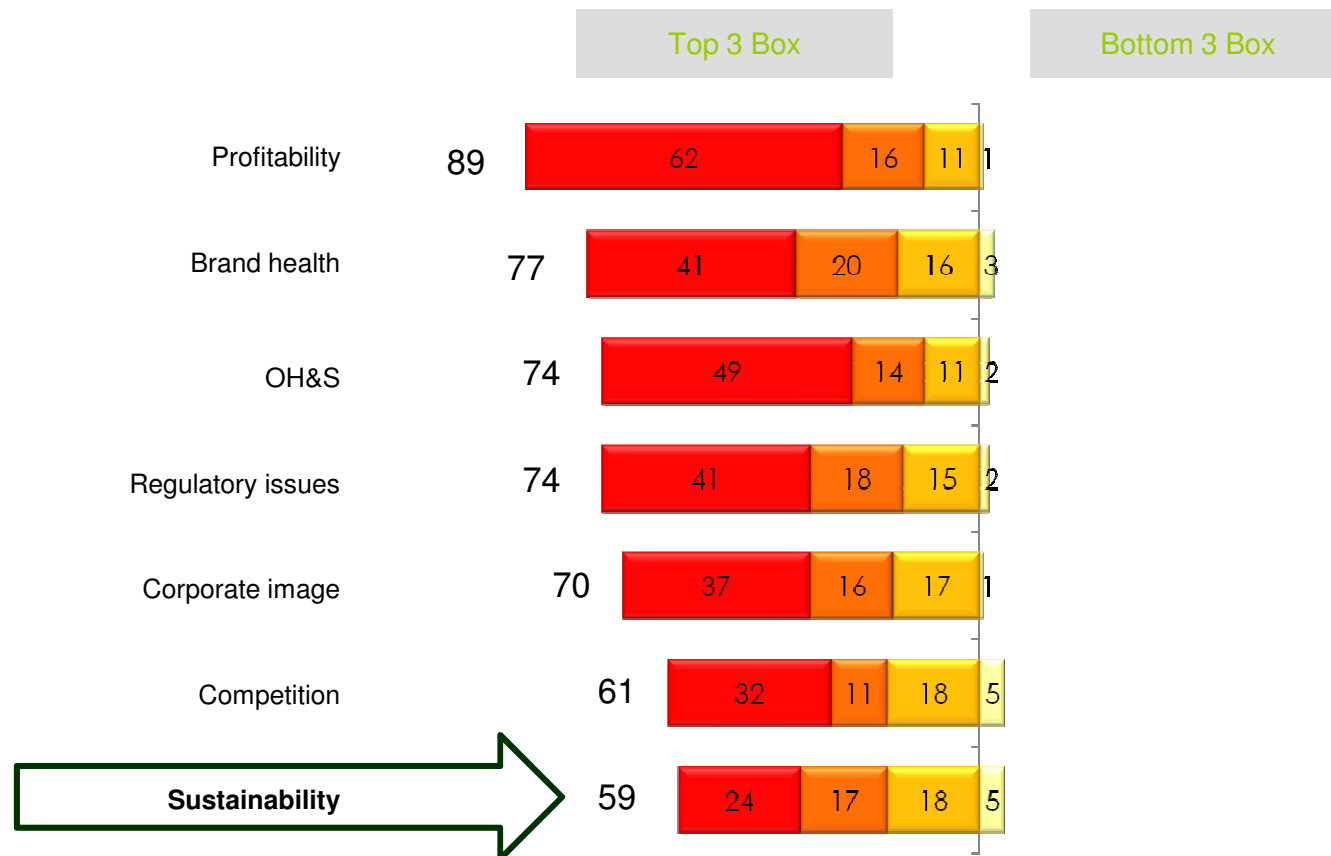
Base: n=271

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## Help needed

**59% see sustainability as one of their top business issues**



Q. "On a scale of 0 to 10, where 0 is not important at all and 10 is a great deal of importance, how much importance does your company place on the following aspects of your companies operations?"

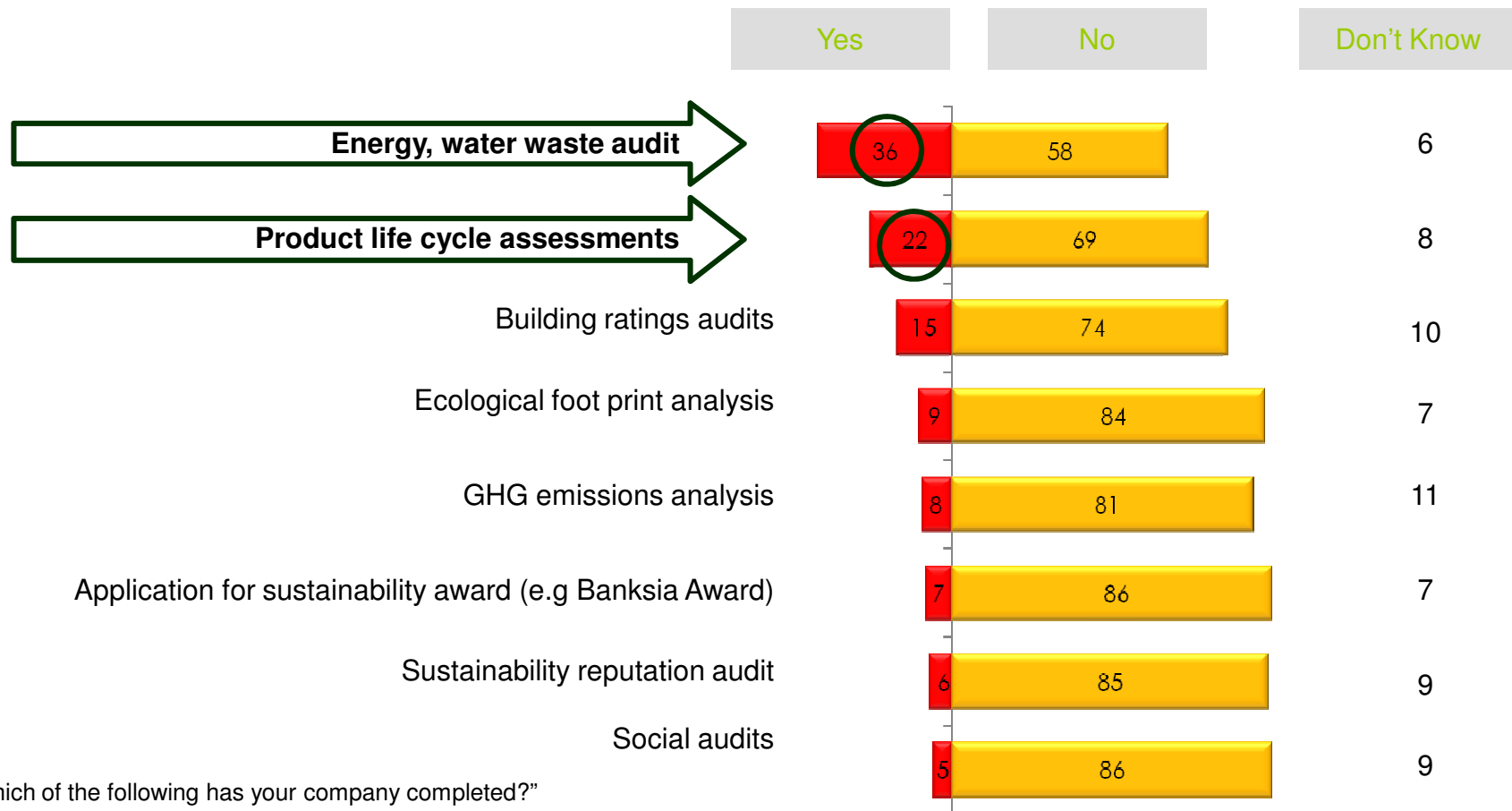
Base: n=271

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## A small minority of companies have audited their sustainability credentials



Q. "Which of the following has your company completed?"

Base: n=98

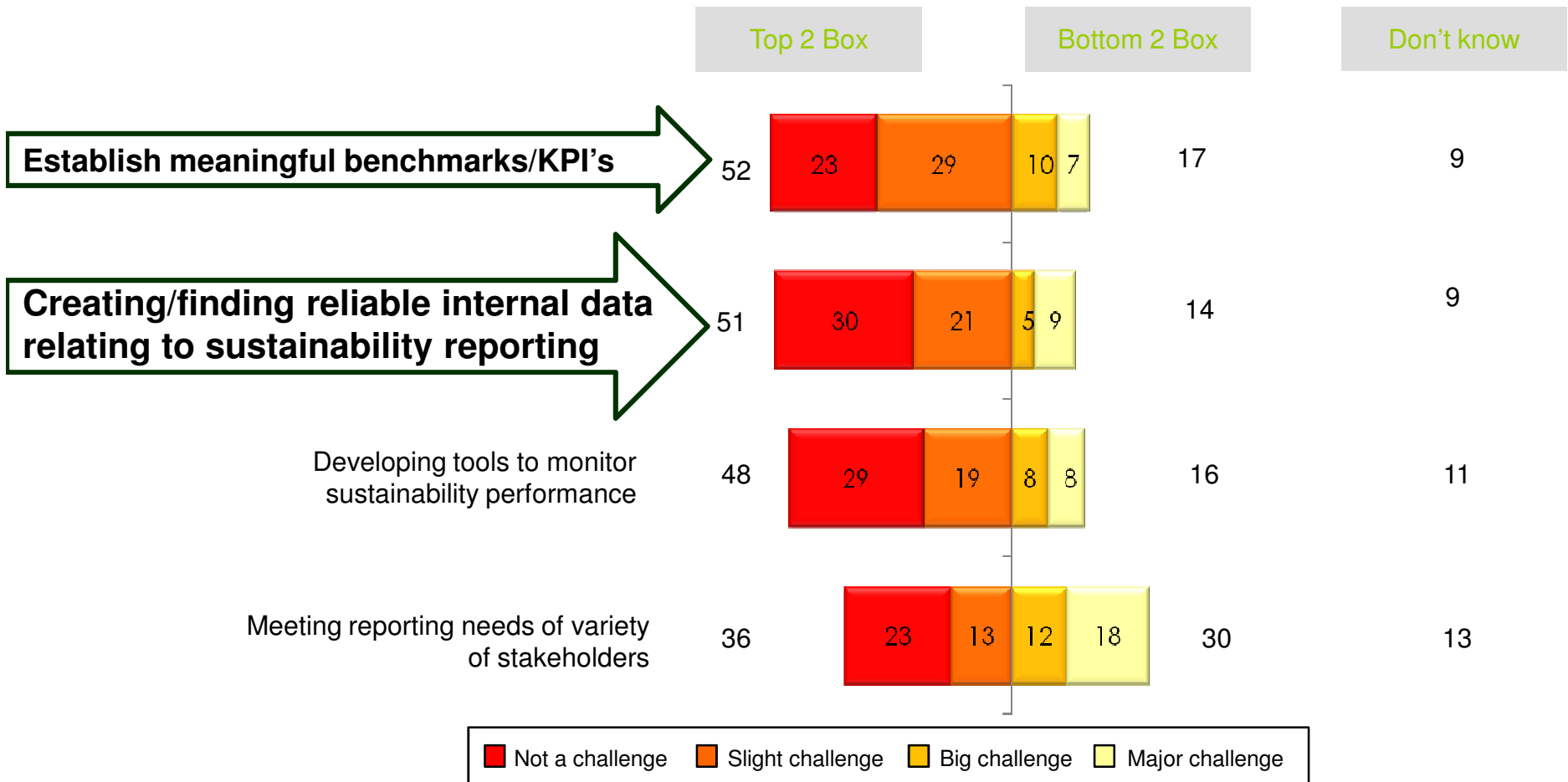
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CYA1

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## The challenge is to create further benchmarking & monitoring of sustainability



Q. "How much of a challenge are the following when it comes to reporting on sustainability issues?"

Base: n=98

## Slide 16

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**CYA1**

I am not sure that 'not being a challenge' means that it is a desire. We need to be careful of putting too much of our angle on data. All this says is benchmarking and monitoring is not seen as much of a challenge by about half

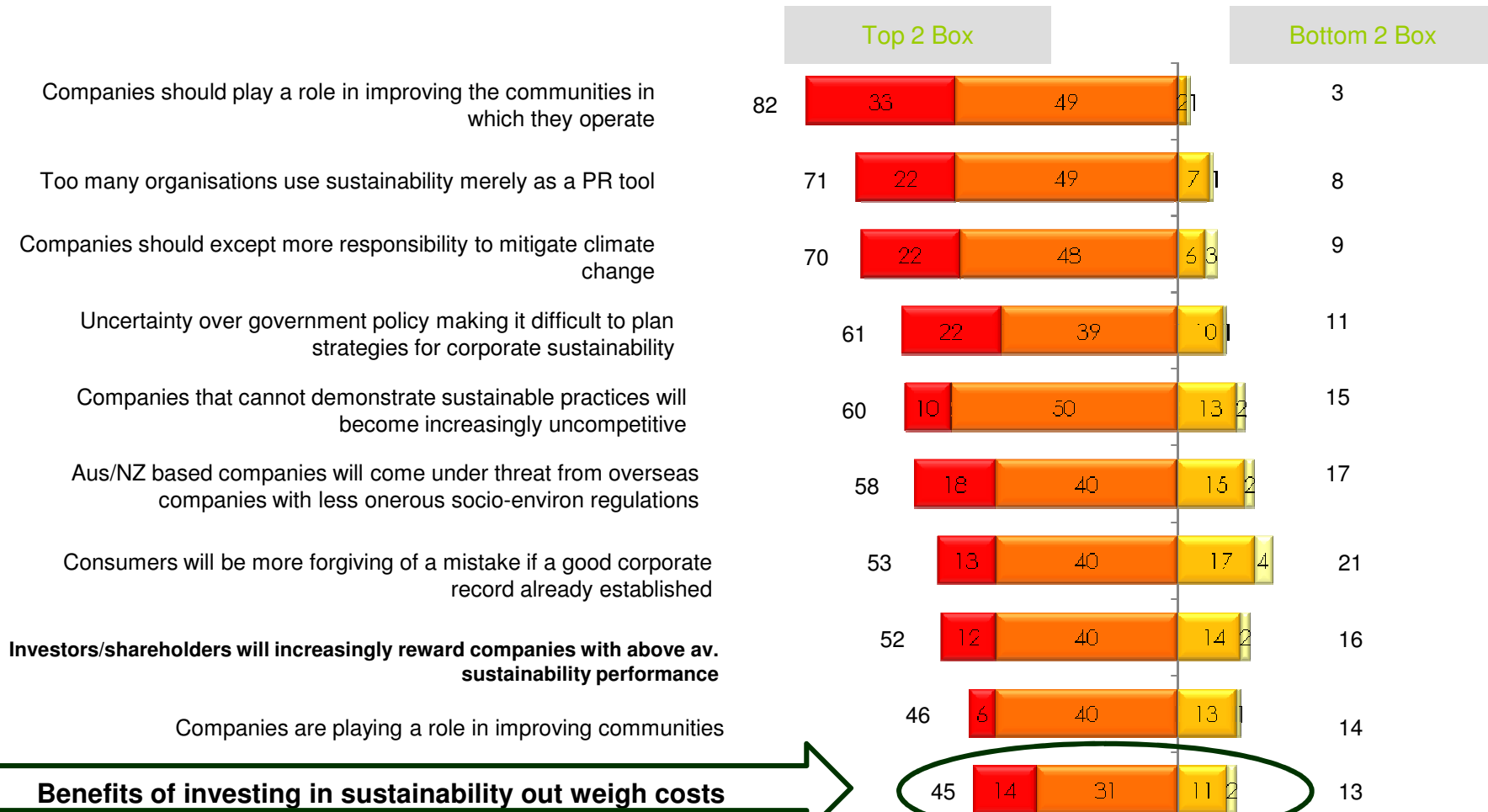
Carole Young - EcoSTEPS, 20/02/2009

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## No strong links to the Commercial Model



Q. "To what extent do you agree or disagree with the following statements?"

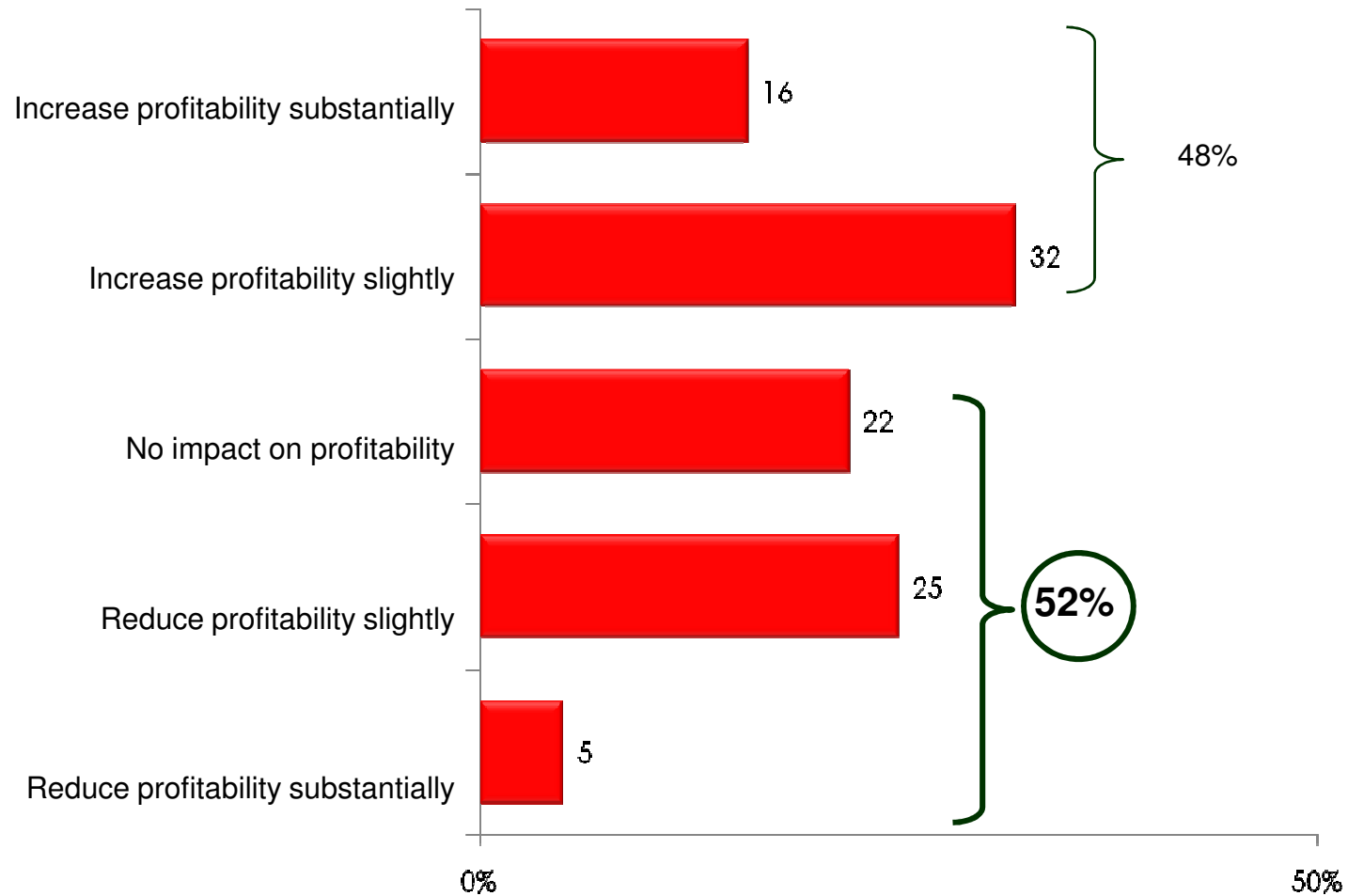
Base: n=271

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**>50% believe no impact/negative effect on profit...**



Q. "How do you expect the adoption of sustainability practices to impact your company's profitability over the next 5 years?"

Base: n=82

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## ...so what is sustainability expected to affect then?



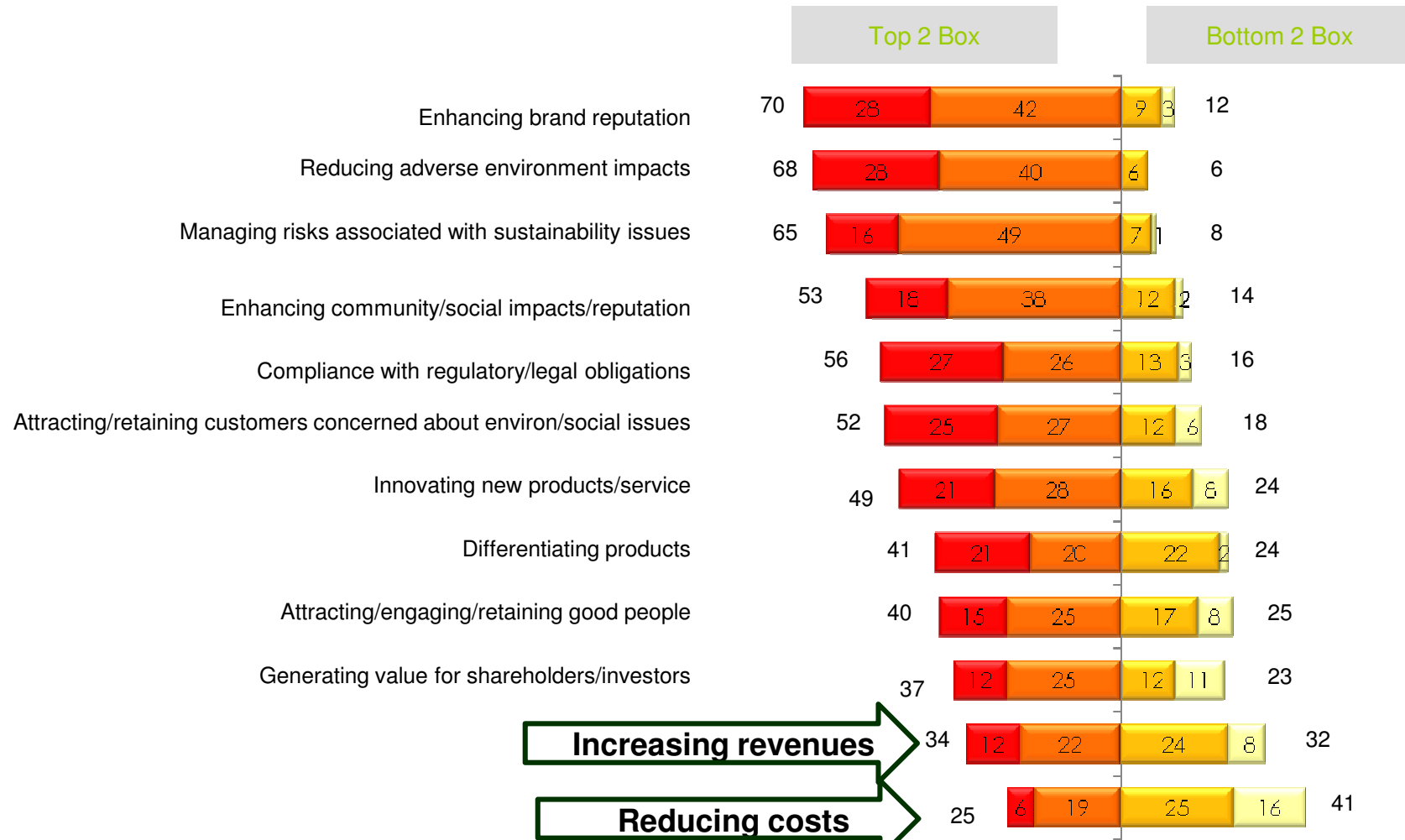
Q. "What are the biggest benefits companies are likely to derive from adopting sustainable practices? (up to 5 items)

Base: n=271

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**Economic benefits not clear: therefore current focus is on other, softer measures**



Q. "To what extent do you feel your company's sustainability strategy contributes to achieving the following goals?"

Base: n=130

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## Our Key Challenges

### **The key challenges for those WITH strategies are:**

- Concern about cost
- Funding the sustainability effort
- Developing targets, measures & controls
- Investor/shareholder pressure preventing long term thinking
- Creating alignment across the organization

### **The key challenges for those WITHOUT strategies are:**

- Getting it on the SMT radar scene
- Risks/beliefs it will raise costs
- Understanding what sustainable development means to the organization
- Developing targets, measures and controls
- Investor/shareholder pressure preventing long term thinking

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## ...so where are we sitting now?

- Sustainability is **STRATEGIC** and **smart business**
- Public **expectations** are rising
- **Govt intervention** will increase
- **Customer intervention** will increase
- You are **not alone**
- **Market forces** are changing, and permanently
- Opportunity to **rethink and evolve**
- Opportunity to **redefine partnership**

**Don't just sit there do something!**



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**So we need a tool that...**

1. Talks a common language
2. Exposes and inspires
3. Considers all impacts and quickly demonstrates priorities, 'where to go after'
4. Delivers actionable business cases, with results!

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## CSIRO and Sydney Uni model Integrated Sustainability Analysis

- Uses:

- internationally accepted Input-Output analysis (Wassily Leontief)
- 344 economic sectors used by ABS
- Uses P&L data, by business, factory, service, brand or product

- Delivers:

- Hybrid LCA - top down and bottom up
- ‘what if’ analysis
- drives the business case
- Translates!

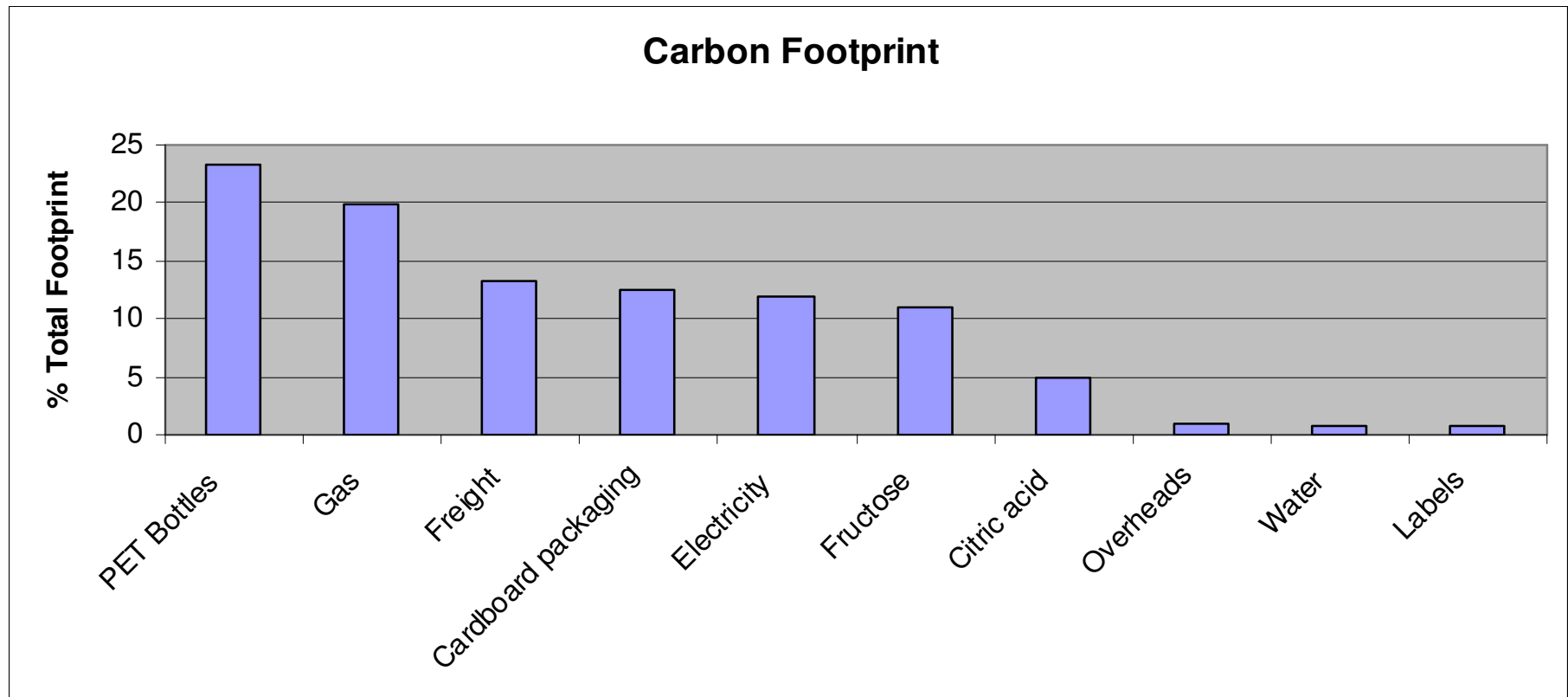
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## Case Study

Carbon footprint of 375ml Hipp Flask bottled water  
**Things are not always as they seem- SO WHAT!**



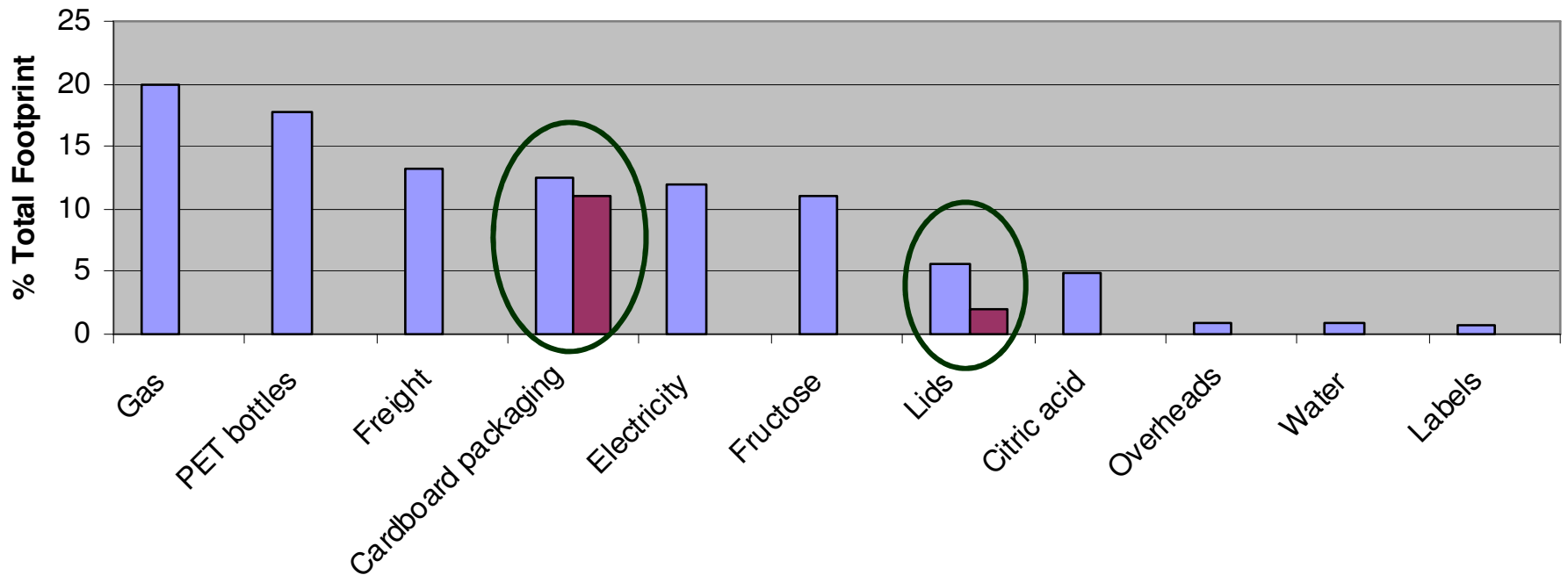
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## Over 6% footprint reduction and reduced unit cost

**Carbon Footprint after Reduction Activities**  
(Total footprint reduced by 6%)



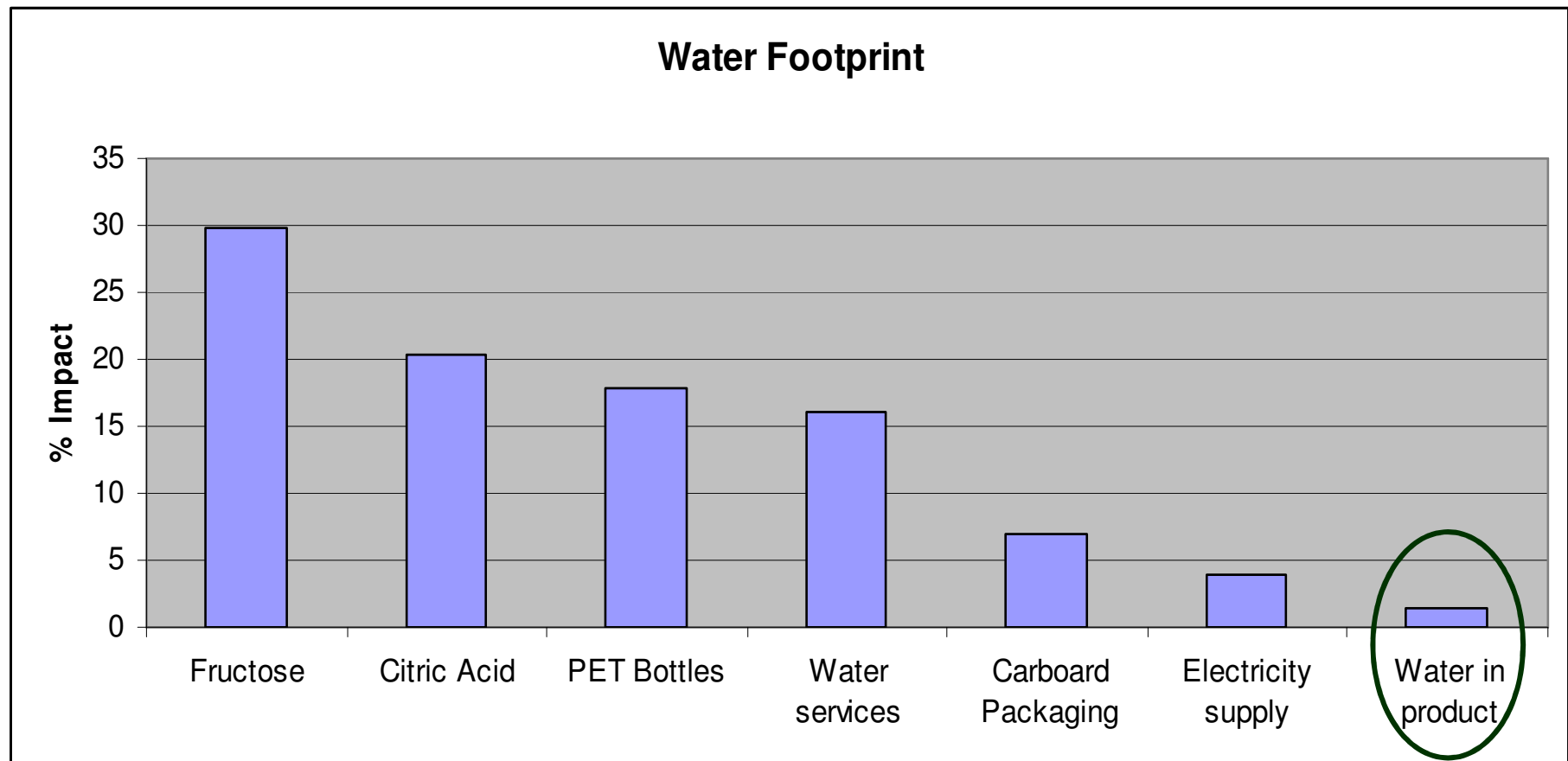
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## So is water.....water?

What and when do we pay for water?



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Ask. Discover. Deliver.

## SureFresh™



- RPC Alternative
- Recyclable
- Transport Efficiency
- Storage Efficiency
- No Return Transport
- No Washing

## Photo SureFresh™



- Differentiation
- Recyclable
- Transport Efficiency
- Storage Efficiency
- No Return Transport
- No Washing

## ChillFresh™



- EPS Alternative
- Insulation
- Recyclable
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## What are you sitting on!

- What about your Packaging?
  - New Packaging Council
- What about your Point of Purchase Material?
  - the display bins, the wobblers, the flyer...
- Food Labelling
  - Planet Friendly Certification

**Don't just sit there do something!**

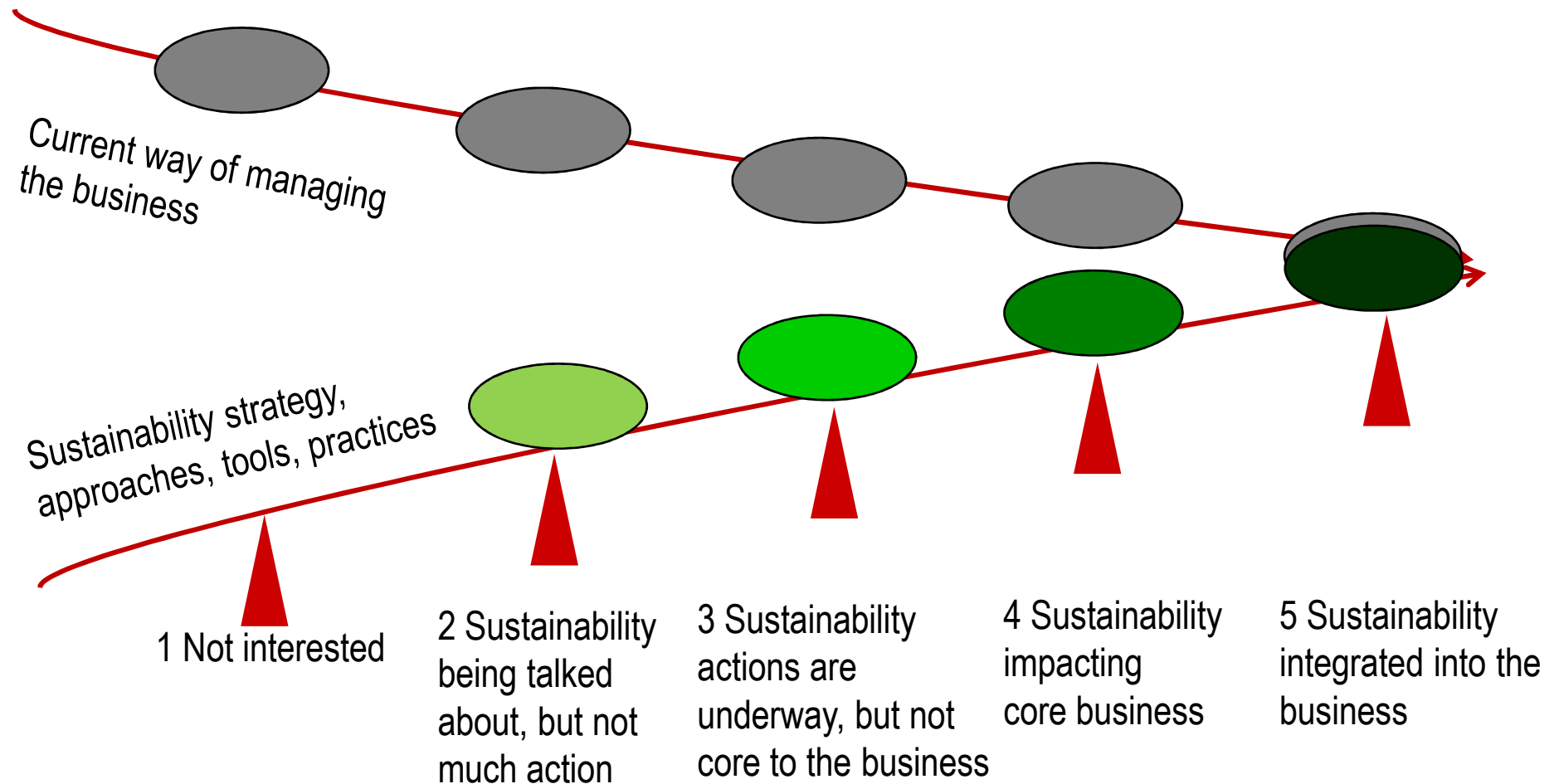
Do you know what to do? Or is it someone else's opportunity and innovation!

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## From here...



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## ...integrated into all business plans



- Clear KPIs
- Clear pictures of success

- Clear roadmaps
- Clear accountabilities

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## Closing Thoughts

- Sustainability is **STRATEGIC** business
- Public **expectations** are
- **Govt intervention**
- **Customer int** will increase
- You are
- **Mark** are changing fast, and permanently
- **ty** to **re-design and evolve**
- **ortunity** for **Leadership**

**Don't just sit there do something!**



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**Margaret: 0418246234**

**Peter: 0412574793**

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# Questions