

THE COCA-COLA RETAILING RESEARCH COUNCILS

# SUSTAINABILITY, SOCIAL MEDIA... AND THE FUTURE OF RETAIL

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Global Retail Summit  
London, August 2012



The first Coca-Cola Retailing Research Council was formed in 1978 in North America to help retail customers address industry issues through organized discussion and commissioned research.

Today, the Company sponsors six Councils throughout the world: North America, NACS North America, Europe, Asia, Latin America, and Eurasia & Africa.

Each Council is comprised of up to 20 retail leaders and non-voting Coca-Cola system executives.

Widely considered to be among the industry's most prestigious retail think tanks, the Coca-Cola Retailing Research Councils have published more than 50 proprietary studies on issues ranging from shopper insights and new market dynamics to technology, innovation and social media.

THIS PUBLICATION IS A COLLECTION OF PAPERS PRODUCED FROM PRESENTATIONS AT GLOBAL RETAIL SUMMIT. PANEL DISCUSSIONS DURING THE SUMMIT WERE NOT RECORDED.

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# FACING UP TO NEW REALITIES



Muhtar Kent  
Chairman and Chief Executive Officer  
The Coca-Cola Company

Since 1978, the Coca-Cola Retailing Research Council has generated over 40 extensive, proprietary studies on a wide range of retail issues, from shopper insights and new market dynamics to technology, innovation and, most recently, social media. The enduring nature of the Research Council is due largely to our collective ability to take many of these ideas and actions and implement them successfully into our businesses.

Now, as we launch the next leg in the Council's journey, we should all feel inspired. Environmental sustainability is top-of-mind for everyone in the retailing world. More than 80 per cent of our global consumers say that it is important for businesses to take a leadership position in environmental sustainability.

In the pages to follow, you will hear from some of the world's foremost thought leaders about the role the retailing sector can play in addressing environmental and agricultural challenges that impact the health of our businesses, planet and lives.

At the same time, you are going to be examining some of the best thinking and strategies around social media. Not surprisingly, the world's most environmentally conscious age demographic – 18 to 34 year olds – are also the leading users of social media. But every day, the demographics skew older. And every day, social media is becoming the new mainstream media.

Millions of people today rely on digital media as their number one source of news and information.

This is why I am convinced that sustainability and social media will forever be connected at the hip. Today alone, 560 million Facebook users will check out their accounts by mid-morning, and a large percentage of that group will do so before having breakfast or getting dressed.

Before the sun goes down tonight 250 million new photos will be posted on Facebook and a similar number of updates or Tweets will have been added to Twitter.

If you think that does not matter to you, stop and think again. Today one of the most talked about topics in social media is food. People are talking about what they are eating, drinking, cooking and buying. And they are giving their opinions about those experiences – by the millions – every day. These conversations lead to purchasing decisions and brand-building opportunities. Clearly, we are entering an era where we must manage entirely new sets of economic, environmental and consumer realities.

In the following pages, you will hear about three critical, inter-connected themes that will shape our businesses and brands in the years ahead:

- Food security
- Agricultural and supply chain innovations
- Ongoing quest for human dignity

Food security is about ensuring we have the right resources, technologies and distribution systems in place to feed a community, a nation or even an entire region of the world.

By 2050, the world will grow to nine billion people, up from seven billion today. That

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Eyes front... Council members listen attentively on the opening day of the Summit



is food security issue number one: feeding nine billion people, and doing it against headwinds of greater consumer demand, scarcer land and resources, higher costs and a changing climate.

Just look at what we have experienced this past year. Global food prices have risen eight per cent and will likely continue to climb as oil prices increase, weather conditions worsen and Asia's escalating demand for food imports continues to surge.

So here we are with higher energy, food and transportation costs. Add to that the sustained increase in demand for food and energy that is being prompted by rising living standards in emerging nations. As people earn more, their diets and preferences also change. In many parts of the world, people can now afford an additional meal each day. Little wonder we are seeing agricultural outsourcing on such a massive scale.

Think about China's recent buying sprees of farmland in sub-Saharan Africa.

In Congo alone, China purchased a swath of land larger than Belgium to produce palm oil. In the Sudan, South Korea recently purchased 1.5 million acres of farmland, while the United Arab Emirates purchased a million acres to grow grain.

This is not just an Asian or African trend. Sweden, for instance, recently purchased thousands of acres of agricultural land in Kazakhstan. Even land-rich America just purchased 100,000 acres of prime wheat fields in Ukraine.

This is just the tip of the iceberg. Food security is becoming a very complex geopolitical issue – one that our industries will have to navigate with great skill and diplomacy.

Closely related to food security are agricultural and supply chain innovations. This is another area where our industries can have a huge impact. Agricultural innovations come with the promise of saving mankind and the planet. And they have come a long way in a short time. In the span of one gen-

eration, over-nutrition has come to eclipse under-nutrition as the world's greatest health threat. Today one billion people are overweight, while 900 million battle with malnutrition.

We grow enough food. The problem is that 40 per cent of all calories grown for human consumption never make it into our mouths. Bad infrastructure, corruption and wasteful habits are the main culprits. In 2012 alone, nearly three trillion pounds of food was expected to go to waste. That, McKinsey estimates, is \$250 billion dollars of waste. But if we reverse our thinking and focus on solutions, that's a \$250 billion dollar opportunity to get things right.

Food security and agricultural innovations are, at their core, basic human rights issues. Social justice and food justice are tightly connected. Presidents Clinton and George W. Bush, and others, have said that what is lacking is not food but the political will to fairly produce and distribute food.

Ironically, the catalyst that triggered the revolutions across North Africa and the Middle East was the Tunisian government's denying a young man the right to sell fruit from his street stand. They denied him not only his livelihood but his dignity.

Today, one quarter of the world's working population is employed in either growing or distributing food. They are feeding the world on less than half of the world's arable land. So the question becomes, how do we help create a more just world for those who earn their living through agriculture as well as those who suffer from poverty and malnutrition?

Part of the answer is that we have to innovate. We have to invest. We have to continue doing what all of us do best – grow and expand our businesses, and provide new opportunities for sustainable employment.

It is a big responsibility. It requires us to learn more, to stay curious and always try to understand the changing trends shaping our world. This report will play a vital role in doing just that.

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MUHTAR KENT

This article © 2012  
The Coca-Cola Company

# THE CHALLENGE FOR RETAILERS

Food manufacturers and retailers touch the lives of everyone every day – so they are perfectly placed to lead the debate on sustainability, suggested *Prince Charles* in a video address at the start of the Global Retail Summit. How they respond to the challenge will define the planet's future. Here is what he said:



HRH The Prince of Wales

There are some seven billion people in the world and you represent an industry that touches each and every one of them in some way every single day. They are your customers and, crucially, your suppliers. So, what you do affects every single country.

Even individually, some of your companies are so enormous that you have a business which is larger than the economies of some nation states – which means that by combining your efforts you can represent a formidable force for good. By my reckoning there can be few sectors better placed to address some of the most pressing problems in the world today.

Being retailers, you all put the consumer right where the consumer needs to be in the debate – at the very heart of it. Consumer patterns – driven, of course, by advertising – play a central role in the many environmental challenges facing our planet.

It is an argument I have long been advancing to the point of unendurable boredom, but we should be in no doubt about it. The health and stability of the entire global economy ultimately depend on the resilience and

stability of the world's ecosystems and the durability of the Earth's limited natural resources – not the other way around. Whether it be climate change, the growing scarcity of fresh water, the loss of fertility of the soil or the destruction of so many of the world's vital ecosystems, the behaviour of the consumer is fundamental.

Patterns of consumption, the global economy, political stability and environmental sustainability are all integrally linked. As many of the world's scientists confirm – even though the sceptics rage so furiously and deny this – we are rapidly breaching one planetary boundary after another, imagining we can do this with impunity. This is why, in my view, if we are to tackle these problems then the food retailing and manufacturing sectors have to be central elements in the solution.

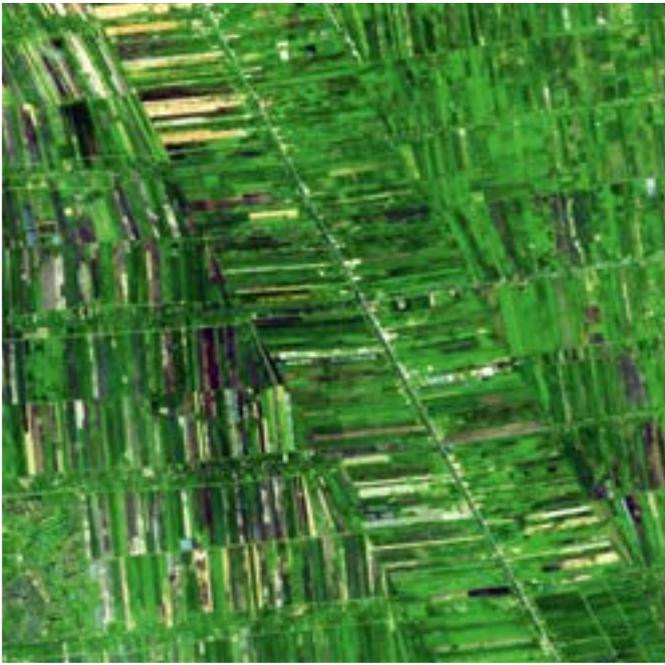
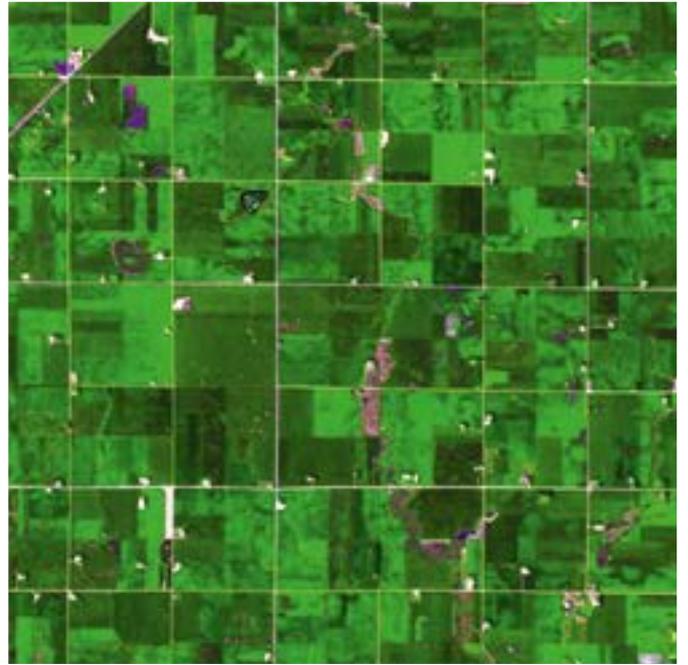
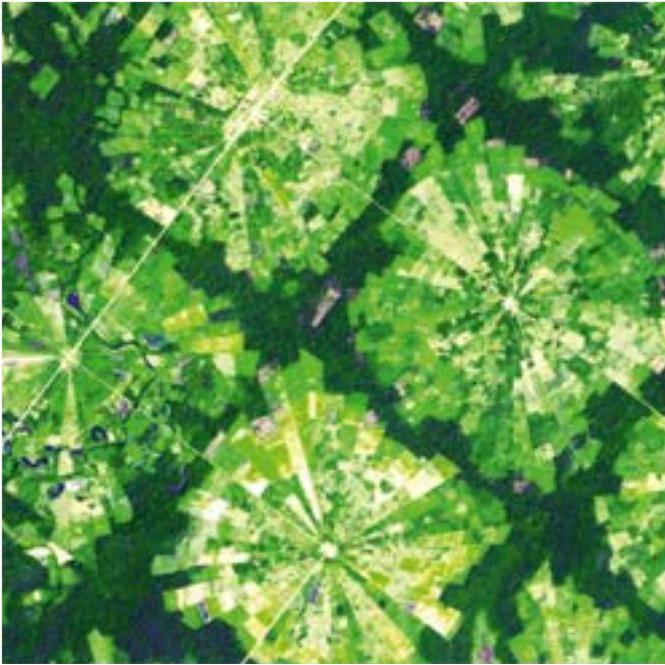
That is why you, as retailers, are absolutely essential to the future wellbeing of the planet and its unsustainably growing population; a population which is not only growing in number but quite literally in size. I was alarmed to read a study published recently by the London School of Hygiene & Tropical

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HRH THE PRINCE OF WALES

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Facing page: Patterns in green... NASA images from space of agricultural land in Europe and the US create eye-catching mosaics. But the pressures on our ecosystem are less attractive  
Pictures: NASA



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Medicine, which estimated that if everyone weighed as much as those in the developed world, the extra weight would be the equivalent of another billion people on the planet.

This increased weight drives consumption: heavier people eat more food, even at rest. This is not only disastrous for health outcomes, with increased obesity, heart disease and type-II diabetes, but it also forces significant changes upon agriculture and, thus, further destruction of the natural environment.

Therefore, what you do and how you operate are pivotal and it is why I could not be more pleased that you are addressing the whole question of sustainability.

While it is reassuring that so many firms are prepared to sit down and seriously consider these issues, I have watched in despair at how slow the progress has been and how the outright, sceptical reluctance by some to engage with the critical issues of our day has often slowed that progress to a standstill. In this, I am forcibly reminded of Sir Winston Churchill’s words of warning as the threat of a cataclysmic Second World War was being studiously ignored during the 1930s. He spoke against continuing with the ‘strange paradoxes of being decided only to be undecided; resolved to be irresolute; adamant for drift; solid for fluidity’.

I am particularly pleased you are discussing the question of truly sustainable agriculture because the world’s rainforests continue to be destroyed to make way for more farming, wiping out so much of the world’s vital biodiversity and removing our chances of storing carbon naturally. There is, of course, huge pressure on our agricultural systems to produce not just more food – but commodities like cotton and biofuels.

Unfortunately, it is still economically rational in many cases to meet this demand at the expense of forests.

Despite the welcome reduction in deforestation in some parts of the world, the burn-

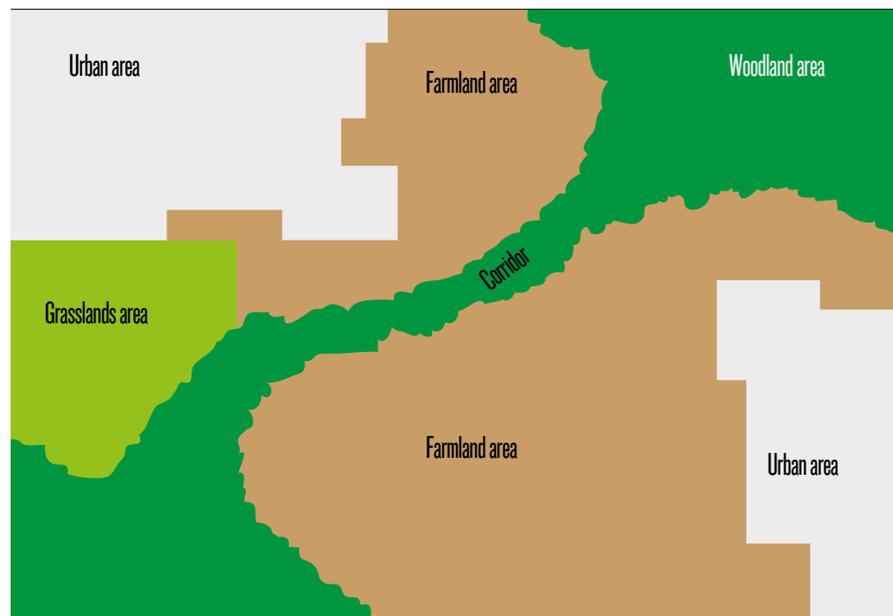
ing continues, and not only of forests. Every year one billion hectares of grassland goes up in smoke in Africa and South America, releasing vast quantities of greenhouse gases, to make way for much-needed agriculture.

But what we cannot lose sight of is the need to ensure changes in production practices that could meet the growing demand for food, textiles and energy, not only deliver benefits in the short-term, but create durable and resilient food systems for centuries to come. They have to be approaches that enhance nature’s capacity to sustain such systems and feed what we hope will be a more stabilized global population.

Given that the majority of forestry is cleared for agriculture, it is worth bearing in mind that it is no good arresting deforestation by boosting agricultural output in ways that exacerbate the environmental and social problems we are currently trying to wrestle with. In other words, there is absolutely no point in being seduced into developing a second ‘green revolution’ which merely repeats many of the same disastrous mistakes of the last one, but in a more enticing 21st century technological guise.

There are, though, reasons to be optimistic. There are solutions to this intricate puzzle, although they are often specific to different locations and agricultural systems. My International Sustainability Unit has been studying these complex problems for some time, to understand what is required by farmers and other stakeholders to improve agricultural production without tearing down yet more forests. Following analysis and a series of workshops in South America, Africa and Asia involving, often for the first time, key representatives of the private sector, government, civil society and the international community, the consensus was that theoretically it is possible to enable farmers to increase production without it being at the expense of forests.

### BIODIVERSITY CORRIDOR



Biodiversity corridors link fragmented habitats and improve the viability of animal and plant species

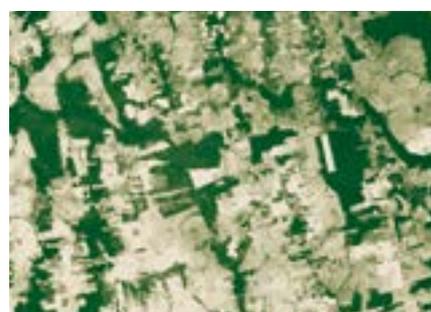
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THE NEED TO ‘KEEP  
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HRH THE PRINCE  
OF WALES



Top: Our green and pleasant land. But farmers face increasing pressure to produce more food  
Picture: Getty

Right: Satellite images show an area of land in the Pacaas Novos National Park, in the Amazon, in 2000 and again, six years later (far right). The vivid change may be attributed to drought, degradation from logging and fire  
Pictures right: NASA



For example, the analysis suggests that farmers in the Central Kalimantan State of Indonesia could double palm oil production by 2020 without more deforestation, increasing yields of smallholders by expanding farming on to low carbon land. Soya expansion could take place on degraded pastures in Mato Grosso. In both cases this would need to be combined with those processes that safeguard biodiversity – things like biodiversity corridors, agroforestry techniques and ways of rehabilitating and reforesting river systems. In the Mato Grosso, cattle could be reared among trees and other crops, thereby making cattle ranching productive without intensifying the process using artificial means. If all this were to be adopted, the estimate is that the state’s total agricultural output could grow without further clearing and without destroying yet more of the world’s vital biodiversity.

A recurring nightmare I have is that unless we learn the lessons of history, the so-called ‘second green revolution’ will merely involve vast swathes of recently cleared rainforest and grasslands in South America and Africa being turned over to produce intensively fertilized, hybridized protein crops which are then fed to factory-farmed pigs, chickens and dairy cows, all in pursuit of satisfying an insatiable and ultimately unsustainable appetite for meat. Any development of degraded pastures must therefore employ the sorts of effective measures that preserve and protect the region’s biodiversity.

The Oxford English Dictionary defines ‘sustainability’ as ‘keeping something going continuously’. The need to ‘keep things going’ for future generations – in other words, for all of you, your families and the future viability of your businesses – is the challenge which confronts us all. How you respond will define our planet’s future.

This article © 2012 HRH  
The Prince of Wales

# WELCOME TO THE NEW NORMAL

Nothing stands still for long. But never has the pace and scale of change, whether in the climate or in the way we live our lives, posed such challenges as now. Retailers and manufacturers need to adapt and start setting the agenda, warns environment specialist *Lord Deben*



John Gummer – now Lord Deben – is a former UK Secretary of State for the Environment and now chairs the UK's independent Committee on Climate Change

In my village we got our first flush lavatory in 1843. The second arrived in 1936. That was the pace of technological change less than a century ago.

Today many of us have an iPad. Yet four years ago, when the Coca-Cola Retailing Research Council last held a Global Retail Summit, they didn't exist. That is how fast things move today.

Yet we still talk as if things don't change. When you hear people refer to the recession it is as if, once we are through it, we will be back to normal and the world will return to how it was and ought to be. We need to recognise that the world no longer works like that.

A couple of years ago, Muhtar Kent set a difficult challenge for Coca-Cola – to double sales by 2020 while keeping the company's environmental footprint constant. To set the same challenge in 2020, his successor will have to say: double the sales and halve the footprint – and do it all by 2025.

That is the helter-skelter speed with which the world is altering.

Some things, however, do not change. The demand of every individual to be able to clothe, feed and house themselves and their

families, and the desire to pass on to the next generation something better than they received – will be the same in 2025 as it is today. The manufacturing and retailing industry has a clear and pronounced role to play.

I recently visited the United States to celebrate the 100th birthday of a family friend. When he was growing up there was a 'vamp' called Theda Bara, a well-known figure in the age of the silent film. She claimed to be the love child of an Arab sheikh and Hungarian gypsy and had occult powers. Actually she was born plain Dora Goodman, daughter of a Jewish tailor in Cincinnati.

Such mystery could not be maintained today. Every single internet blog and every magazine would reveal the truth about her within two minutes of her claim. But then, she was able to live her entire life enjoying this mysterious falsity.

In recent years Coca-Cola has launched 12 entirely non-cola billion dollar brands. Not one of them has a secret formula. You cannot have secret formulas today. Every trading standards officer and every food and drink administration would be on to you to explain exactly the contents because that is what people now demand.

“  
WE ARE MOVING TO  
A TOTAL STATE OF  
VOLATILITY  
”

LORD DEBEN

The evolution of the telephone, from a wall-mounted earpiece to the smartphones of today, illustrates how innovation is accelerating  
Pictures: Thinkstock



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THE ONE THING  
THAT CAN DESTROY  
US IS OUR FAILURE  
TO ACCEPT WHAT  
WE KNOW AND OUR  
REFUSAL TO ACT ON IT  
”  
LORD DEBEN

The British Royal Navy has just conducted a survey to see how its people get their information. The results are amazing. There was no difference whatsoever between officers and men in how information was gained and what they expected from that information. Further, there was no difference between men and women or between those serving at home and those abroad.

The only thing that mattered – and it was the biggest difference imaginable, a real chasm – was whether they were over or under the age of 26. Those who were under 26 got their information entirely from the internet and, more important than that, expected to know everything. There was no concept of commercial ‘in confidence’. They expected to be able to know everything.

That is the world in which we are going to live – not the world of Theda Bara but of Wikileaks and Julian Assange.

We are going to have to accept and embrace a speed of change greater than ever before. At the same time we will be constantly pressed on transparency and traceability. People will no longer allow us to get away with anything.

For the retail industry, transparency means we must deal with the speed of change on our own terms. Otherwise someone else will set those terms for us. You cannot leave your future in the hands of governments or single issue NGOs. It is your future and being ahead of the game is central to that future. Do not let anyone else define your future.

Fifteen years ago Coca-Cola decided it was going to do something which would change the world, by adopting a system of refrigeration that would not destroy the environment. Being the first, it changed the whole industry, and did so on its own terms rather than those of governments around the world.

We can see how important that was, as customer and consumer pressure increases. Coke has defined its refrigeration future. That, in turn, has enhanced and defended its brand. And brands in this new world are going to have a crucial role to play. Just look at the milk contamination scandals in China. The middle classes there are now buying western brands as a protection against contamination. Western brands are giving them confidence because they are traceable. The brand gives a guarantee, which is essential.

I believe this factor will become more and more important. People will want to know that the things they eat and drink have been properly tested, properly produced and properly conserved, and come from sources they are sure about.

This means that as the brand gains importance so too does the retailer. For both it is a question of trust. Tesco, Coca-Cola, Marks & Spencer and others are given consumer trust and in return those companies have to be prepared to show very clearly what they do and where their products come from.

All this is going to become even more crucial because we will be moving into a world



of endemic shortage. There is no way out of this. By 2050 the population will reach nine billion and food demand will double.

At the same time we will face climate disruption. I hate the phrase climate change because it sounds as if we are moving from one steady state to another. We're not. We are moving to a total state of volatility.

At present we do not understand what climate volatility will really mean. But we know it is leading to a serious rise in food prices. We must stop believing that it's only for this year – that next year we will be back to normal. There is no back to normal because there is no normal in a world that moves as fast as this. In the retail industry this means we must be quicker on our feet. We have to find ways to provide for our customers and that means a degree of security in supply which we have not had before. Secure sources are going to be more important than ever.

Top: Coping with pollution during a Russian heatwave  
Picture: Associated Press

Middle: Superstorm Sandy, as seen by NASA satellite, wreaked havoc in the US  
Picture: NASA

Bottom: The milk contamination scare in China prompted consumers to look to the West for supplies  
Picture: Associated Press

That reality has meant that in the last 10 years there have been 1,000 major land sales, amounting to 58 million hectares, in Asia, Africa and South America. An area the size of Western Europe has been colonised for food. In all the talk about the end of the Imperial Age, this kind of colonialism is a whole new threat to stability.

In their search for stability, some nations and companies are creating the conditions for instability.

So what should we be thinking about in preparing ourselves for this new world? We must not think that 2012's events – the US drought, Russian heatwave, the Chinese buying two million more tonnes of food, higher prices, less availability – are just going to be confined to 2012. We are not going back to 'the norm'. In the situation we live in, normality is change. Normality is extremes. The world has changed.

This means we have to secure our supplies. We have to generate much closer relationships in our supply chains. The supply chain will become more and more important and our relationships with the people who actually produce the food we need will have to be different. These people are going to be crucial to us in a way we have not seen before, and their continuing relationship is going to be our first requirement if we are to service our customers.

We also have to drive innovation because there is no way we will meet the challenge of doubling our business while halving our footprint, and doing so by 2020, unless we innovate at a speed and in a way we have never seen before.

It is no longer possible to think of business as usual because business will not be usual. It is no longer possible to think of business as usual unless we think of it as green business.

One wickedness I dislike more than any other is the suggestion there is somehow a conflict between growth and greenness. There will be no growth at all unless it is green growth. The enemies of growth are those who believe we should not go for green growth. They are the ones whose unreformed products will undermine our means of growth.

We have to get on the front foot with change. Our businesses will depend on it. That means we will also have to be much more willing to educate the public to eat the things we are able to buy. It won't always be possible to supply everyone with star fruit in the middle of September or lettuces out of season, and we will have to help the customer to understand that.

One final point: aren't we lucky to be living now! This is the most exciting moment for at least 500 years. The reason? We are faced with the remarkable fact that we can win because we know what we have to do. Knowledge is at the heart of everything I have spoken about.

The one thing that can destroy us is our failure to accept what we know and our refusal to act on it. It is action, not words, that matters now. Our future is more exciting than any generation has ever faced before. It will move faster, present bigger challenges and offer greater rewards (and disasters) than we have ever known. It will be the most exciting generation ever seen.

We must make sure we have a plan for it.

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AN AREA THE SIZE OF  
WESTERN EUROPE  
HAS BEEN COLONISED  
FOR FOOD  
”

LORD DEBEN

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Right: What's on the shelves today? Security of supply will become more important than ever  
Picture: Getty

This article © 2012  
Sancroft International

# THE QUEST FOR CHANGE

Consumers want it. The planet needs it. And we have the power to make it happen. Together, we can change the way our markets work, says *Carter Roberts*, President and CEO of the World Wildlife Fund



Carter Roberts

At WWF we have been working for years with businesses around the world to move companies and their supply chains towards sustainability. Now it is becoming clear we are at the ‘moment of invention’ with consumers. Business, communities, governments and NGOs are all trying to determine how to go about engaging consumers at scale.

First, we need to understand what is changing in the world. Since 2008, world population has grown, predominantly within the BRIIC (Brazil, Russia, India, Indonesia and China) countries. Global GDP has also increased, with 50 per cent of that growth in BRIIC countries.

Twitter hardly existed in 2008. Now it has 636 million users. Deforestation ebbed and is now flowing – we have lost more than 52 million hectares in the last four years. Four years ago, we estimated we were exceeding the carrying capacity of the planet by 30 per cent. Now we are up to 50 per cent.

So what practical things are being done within companies and across industries to address these changes? Let’s start with certification programs. The pace at which these

are taking hold and growing is accelerating, from the Forest Stewardship Council to Marine Stewardship Council.

More and more big companies – retailers and manufacturers alike – are committing to them and accelerating the pace of change. And they are acting together rather than alone, working with governments and NGOs to make joint commitments.

This is highly consequential. It is not to say they know exactly how to do it, but they are working seriously to figure it out.

A former professor of mine at Harvard Business School wrote an article a few years ago, *Leadership in the Age of Transparency*, in which he said: ‘Companies have long prospered by ignoring what economists call externalities. Now they must learn to embrace them.’ He meant that if you do not know everything about your product and how it is sourced, you will be held accountable, like it or not.

According to recent research conducted by Cone Communications and Echo Research, 94 per cent of consumers want products that are more environmentally sustainable; 93 per cent want to know what companies are

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YOUR CONSUMERS  
DO NOT JUST WANT  
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YOUR PRODUCTS;  
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”

CARTER ROBERTS

More consumers want to shop carefully and make eco-friendly choices – and the latest generation of digital scanning systems such as QR (Quick Response) codes provides them with instant information via their smartphones  
Picture: Corbis



94%

WANT MORE PRODUCTS TO SUPPORT WORTHY AND ENVIRONMENTAL ISSUES

93%

WANT TO KNOW WHAT COMPANIES ARE DOING

91%

WANT TO BE HEARD

doing; and 91 per cent want to be heard – which is an interesting one. Your consumers do not just want to come in and buy your products; they want to be heard.

Euro RSCG Worldwide conducted a study titled *The New Consumer in the Era of Mindful Spending*. In it they asked consumers what kind of purchases make them feel good. Thirty per cent said they like luxury purchases – it makes them feel good to get behind the wheel of a BMW, for example: 72 per cent said it feels good to shop more carefully. And 64 per cent said it feels good to make eco-friendly choices.

Four years ago, in partnership with GlobeScan, National Geographic started producing the Greendex – an index of consumer attitudes and behaviour across all countries. They indexed consumers on how they care about environmental issues and sustainability. What they found was that consumers care the most about environmental and sustainability issues in Brazil, India, and China.

The US is at the lower end of the spectrum. There is even more interesting data from a study by Ogilvy and Mather, *Mainstream Green: Moving Sustainability From Niche to Normal*. This looked at four consumer choices: how consumers transport to work; what kind of produce they buy; what kind of household products they buy; and how they recycle.

In terms of the level of importance placed on these issues, comparisons between consumers in the US and China were not all that different. But when asked about their actions, there was a noticeable difference in consumer behaviour. Chinese consumers are much more likely to act on their convictions and the gap is greatest between sentiment and action in the US.

What emerges when you dig a little further is that consumers in China, India and Brazil clearly feel the effects of climate change and resource scarcity and, as a result, act on it. When we look at the specific difference in consumer behaviour between the US and China, the results are eye-opening.

Ogilvy asked consumers in China and the US one simple but powerful question: would you rather cure cancer or save the environment? Of those polled in the US, 70 per cent said they would rather cure cancer than save the environment.

When the question was posed to Chinese consumers, the numbers were dramatically different. Only 22 per cent said they would rather cure cancer over the environment. For 78 per cent, saving the environment was more important.

Looking at the rising consumer generation, a Euro RSCG study asked people from this generation about where they see change occurring. Forty-eight per cent agreed with this statement: ‘The things I consume have more power to change things than the people I vote for’.

So, your relationship with consumers matters beyond what they buy or the price point at which they buy it. The younger generation and consumers in key growth markets such as China care deeply about products, how they are sourced and the consequences that they have for the world.

David Jones, a leading thinker on these issues, gave a speech recently in which he described the 1990s as the ‘age of image and importance’. Being associated with the environment was a great way of burnishing your green halo.

He went on to describe the first decade of the 21st century as the ‘age of advantage’ – those companies who were first movers and did the good things for the world had a comparative advantage over competitors.

He then described our current decade, 2010-2020, as the ‘age of damage’. Companies who are not proactive, who are not painfully honest, who do not know how their consumer strategy relates to the environment, will be punished by consumers, who are more empowered with information and more connected than ever before because of social media.

Take the example of Nestlé and Kit Kat. Imagine an office scene: somebody is feeding paper into a shredder. They are absolutely bored. They crack open a Kit Kat bar, break off a piece and stick it in their mouth.

Their boss walks in. The Kit Kat in the person’s mouth turns out to be a hairy finger, an orang-utan’s finger. He bites into it, blood streams down his face, the boss looks shocked.

The screen then says: ‘Nestlé buys palm oil from Borneo to put in its Kit Kat bar, which is destroying the rainforest and killing orang-utans. Don’t buy products from Nestlé.’

This was a Greenpeace campaign. Within two months of its launch, Nestlé had declared a moratorium on buying non-certified palm oil from Borneo because of the backlash – damage – from consumers.

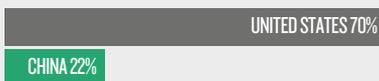
In one fell swoop, a campaign had equated Kit Kat bars with killing orang-utans. This is an interesting example of how connections are made between the products you sell and the consequences far, far away. This ad sent shockwaves through industries. You see the consequences not just for manufacturers but also for retailers.

“ A HUGE PERCENTAGE OF THE KYOTO COMMITMENTS MADE YEARS AGO COULD BE MET BY SIMPLY CHANGING CONSUMER BEHAVIOUR ”

CARTER ROBERTS

### MOVING SUSTAINABILITY FROM NICHE TO NORMAL

WOULD RATHER CURE CANCER THAN SAVE THE ENVIRONMENT



WOULD RATHER SAVE THE ENVIRONMENT THAN CURE CANCER



“  
**CONSUMERS IN  
 CHINA, INDIA AND  
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 FEEL THE EFFECTS OF  
 CLIMATE CHANGE AND  
 RESOURCE SCARCITY  
 AND, AS A RESULT, ACT  
 ON IT**  
 ”  
 CARTER ROBERTS

To add to this point, 93 per cent of people questioned in the Cone study said they were prepared to boycott a company for irresponsible behaviour.

At one point in 2012, if you googled ‘Shell Arctic’ you would end up at what looked like the official Shell website. It looked serious, but as soon as you started to read the small print you realised it was a clever hoax to describe how Shell puts development ahead of the environment in the Arctic, where it was about to drill in the Beaufort and Chukchi seas. It included ads and a contest among consumers to create their own, with such tongue-in-cheek messages as: ‘Some say catastrophe, we say opportunity. Let’s go.’ It even included a children’s game where kids tried to shoot down icebergs as they attempted to reach an oil well. The aim of the game was to make as much money as possible before the spill happened. But no matter how hard you tried, the spill always happened, cutting off your profits and leaving a huge mess.

**W**e are going to see more of this kind of thing as people hold companies responsible for what they do and how they source their products.

It used to be that if you wanted to sell green products, there would be a special aisle devoted to them in your favourite supermarket. Now, the consumer expectation is that in every aisle of every store you ought to know how green your range of products are and communicate it to your consumers. Instead of isolating green products, you need to integrate them.

According to research by Cone, 71 per cent of consumers are confused by messages companies use to describe their efforts and impacts. Different brands use different words like all-natural, organic, green, and planet-friendly. But what do they mean? What is the difference between them? Shelly Lazarus, a WWF board member and chairman of Ogilvy and Mather, says you have to make it easy. The consumer message needs to be simple and easy to understand.

Another interesting case is cold water detergent. It turns out this gets your clothes just as clean as hot water detergent. The problem is a lot of people do not believe it. If manufacturers could convince people that cold water detergent works just as well, it would reduce energy use enormously. A huge percentage of the Kyoto commitments made years ago could be met by simply changing consumer behaviour, but you cannot do it alone. This raises the question of collaboration. I predict you will see more and more companies working together to change consumer behaviour around these issues. It is the only way we are going to avoid some of the catastrophes predicted.

However, I do not urge you just to meet consumer expectations. Exceed them. To do that, there are four specific things to start thinking about. First, make commitments



‘The decisions you make are hugely important to the places we care about and the species we cherish’  
 Picture: Getty

in your supply chain. This is fairly simple to measure in the abstract but hard work in the details. When Walmart, for example, committed to working with WWF and agreed it would sell only sustainably caught wild seafood, it sent ripples throughout the fishing industry. A number of fisheries began to examine their practices, became certified, and started doing more of the right thing.

Second, think about how you use the ‘four walls’ of your stores to educate the consumer. How can you do more than just present price points, or build end-aisle displays? How can you actually educate consumers on the issues?

Third, how can you use social media to build a community and engage with your consumers to help solve problems?

Finally, I would urge you to think about how you can make sustainability ‘open source’ by collaborating with each other to change the way people think about their relationship with the natural world.

Last year, WWF and Coca-Cola collaborated with Coca-Cola’s retail partners to tell the story of the Arctic and the polar bear. Working together, we gave consumers a tangible way to help save these magnificent creatures. This campaign is expanding and is an example of companies working together to tell a story in a compelling way. I think we are going to see many more examples of companies collaborating on issues – engaging each other and engaging consumers.

The truth of the matter is that the decisions you make are hugely important to the places we care about and the species we cherish. The tigers and the elephants and the rhinos we want to protect in the world are not going to survive unless we change the way we source food and other products around the world.

But don’t just change your business practice because of the tigers, rhinos and elephants. I encourage you to do it because consumers are increasingly demanding it.

You have a tremendous amount of power. We have it within ourselves to change the way the market works.

“  
**I DO NOT URGE  
 YOU JUST TO  
 MEET CONSUMER  
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 EXCEED THEM**  
 ”  
 CARTER ROBERTS

This article © 2012 WWF  
 Carter Roberts has focused WWF’s efforts to save the world’s great species and ecosystems by linking science, field and policy programmes with an initiative to engage businesses to lighten their impact on the planet

# WHY LESS HAS TO MEAN MORE

We're already consuming more than the planet can provide. And within the next 40 years we'll have to produce twice as much food as we have in the last 8,000. How are we going to do it?

*Dr Jason Clay, Senior Vice President of Market Transformation at the WWF, offers a route-map to a more sustainable future*



Dr Jason Clay

The Oromo people of Ethiopia have a saying: 'You can't wake a person who is pretending to sleep'.

We have to wake up to the fact that in the next 40 years we will need to produce as much food as we have done in the last 8,000. So the questions we must ask ourselves are: how are we going to feed nine billion people and maintain the planet – and what does this mean for our supply chains?

Take a simple equation: if we multiply the global population by each person's consumption it should equal the carrying capacity of the planet. But it doesn't. Today we are already consuming at a rate of about 1.5 planets.

So we have to figure out how to turn that around in the face of a growing population and increasing consumption. We need to use less to produce more. Then we probably need to use less again.

Today there are some seven billion people in the world. By 2050 there will be nine billion. Income will increase per capita by 2.9 times, consumption of food and other material will double and consumption of animal protein will increase even more.

About 70 per cent of all the people on the planet will be living in cities by 2050 – as

many people as are alive today. And we've got to figure out how to produce food in the country for all those people living in the city.

Other than in times of war, food prices have been going down in real terms for about 150 years. But starting around 2004/2005, that changed and we began to see prices increase.

The new reality is that food prices are going to go up because of scarcity, rising consumption and more people on the planet.

This summer the price of corn increased by 10 per cent in three weeks, a rate that was predicted to continue for the next three months. Corn is in 50 per cent of manufactured products.

Whatever the impacts are per capita for seven billion people, just think how it is going to be with nine billion. We cannot each have the same footprint if we are living beyond the planet's carrying capacity.

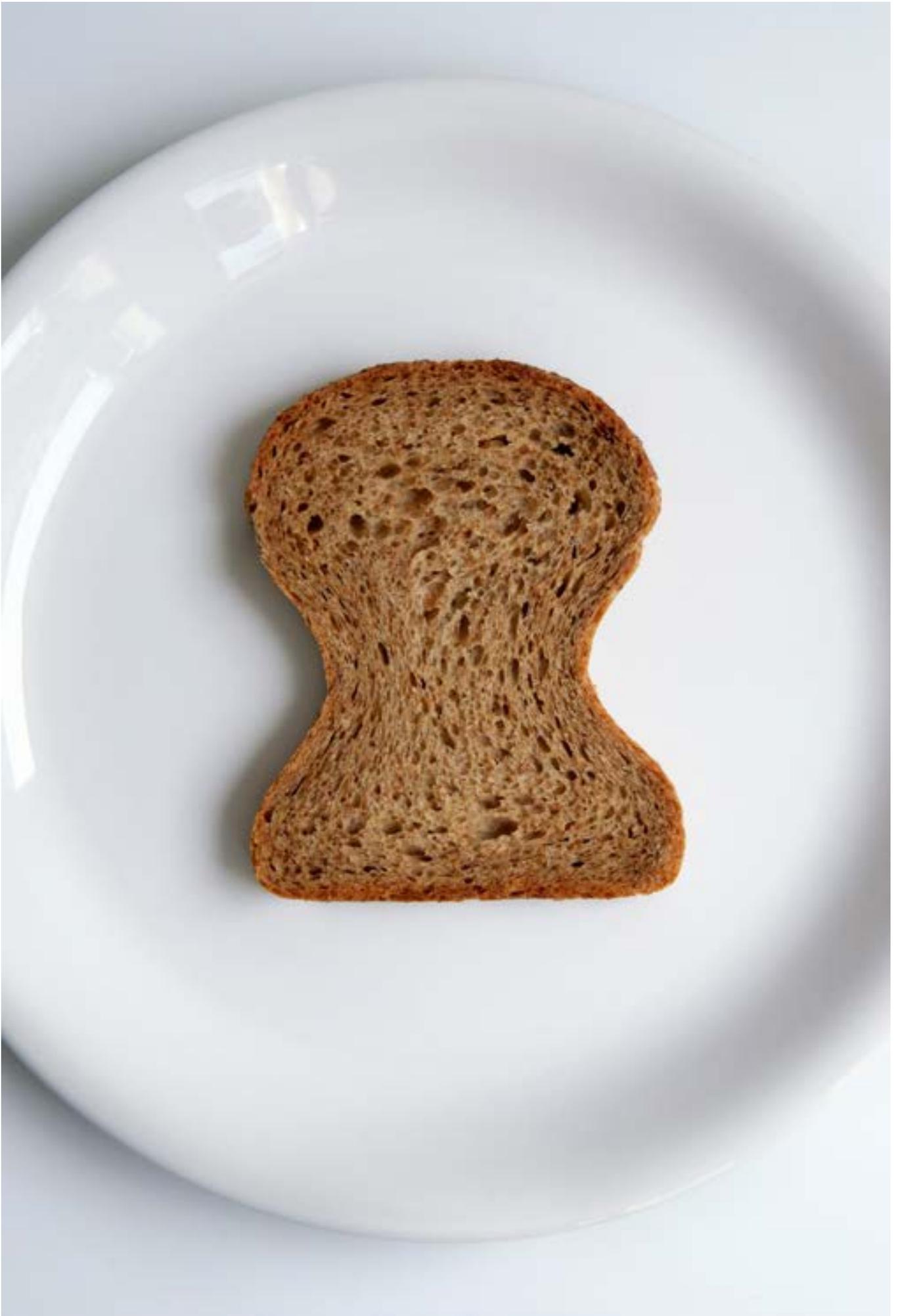
We already have to reduce the footprint. If there are going to be more of us consuming more then we have to reduce even more.

The biggest threat to the planet of all human activity is food production. It's the largest cause of biodiversity destruction, deforestation and erosion of wetlands, grassland and other habitats.

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YOU CAN'T WAKE  
A PERSON WHO  
IS PRETENDING  
TO SLEEP  
”

OROMO PROVERB

Opposite: By 2050 we will have to produce twice as much food and fibre to feed nine billion people  
Picture: Getty



“ WE MUST SHIFT OUR THINKING FROM TRYING TO MAXIMISE ANY ONE VARIABLE... TO OPTIMISING THE KEY ONES ”

DR JASON CLAY

## FAO FOOD PRICE INDEX



It uses more water – twice as much as all other human activities combined – and produces more pollution than any other human activity. It uses more chemicals and produces more greenhouse gases than any other activity.

In fact, deforestation associated with the expansion of agricultural land is equal to all transportation emissions on the planet. It accounts for about 16-18 per cent of global greenhouse gases a year.

At the same time, we are not very good at protecting agriculture’s asset base. Since 1850, we’ve lost half of the world’s top-soil. We cannot do that and continue to produce more food.

Seventy per cent of farmers today lose more soil each year than they put back. That is not a viable long-term proposition.

Instead of trying to work out how to solve these issues individually, however, we need to optimise a solution that embraces a number of key variables. We need to look at four, six or eight key issues.

Consider this: on a finite planet, should consumers really have choice about sustainability? Or should all products on the shelf be sustainable? If they should all be sustainable, how do we make that happen?

And why is it that today unsustainable products actually cost less than sustainable ones, when unsustainable products actually

cost the planet more?

The planet is subsidising our food consumption because externalities – pollution, soil erosion and so on – are not brought into pricing. As we factor in these kinds of costs, food prices are going to go up. We are already beginning to see it.

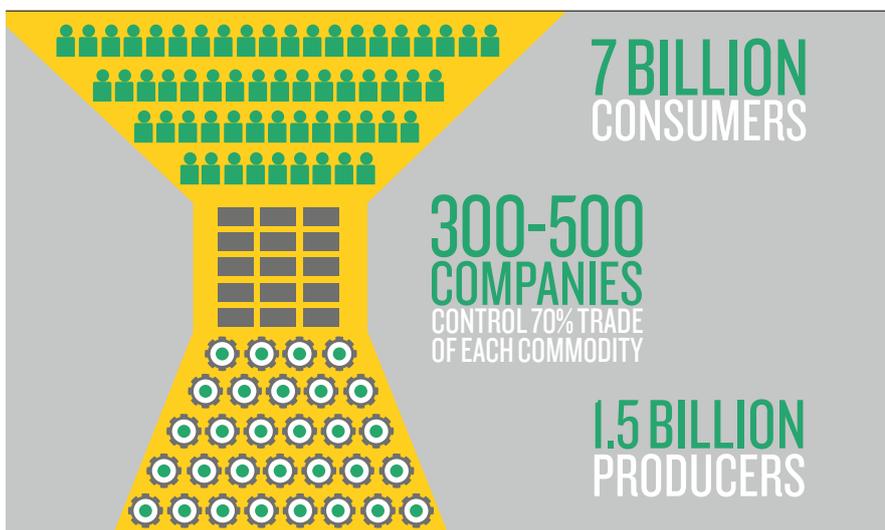
**R**ight now we use about 33 per cent of the planet to grow food. If you allow for deserts, mountains, lakes, rivers and streams, roads and cities, it goes up to 58 per cent. If you include national parks as well it goes up to 70 per cent. So we are left with about 30 per cent. Do we really want to farm the whole planet? Is that the Earth’s future? Eliminate biodiversity and simply have cornfields, wheat fields and rice paddies?

If it’s not our vision, we must work out how to double production of what we’re already using. That’s the challenge. And it is what scares organisations like WWF.

We have to freeze the footprint of food; see if we can produce twice as much food without using any more land, water or other inputs, or use even less.

This does not mean relying on one choice of technology. If you want organic, how can you use organic production to double available food production without using more land or water? Can you use fair trade to double

## COMMODITY TRADING



food production? Can you use conventional?

To be successful, all of them will have to double in productivity in the next 40 years. That's the challenge.

WWF has identified 15 commodities as the most important to global conservation – palm oil, cotton, biofuels, sugarcane, pulp and paper, sawn wood, dairy, beef, soy, low trophic-level forage species, farmed salmon, farmed shrimp, tropical shrimp, tuna and whitefish. These – rather than rice, corn or wheat, which occupy the greatest area – are expanding most right now, and so it is these we need to be thoughtful about.

So how can we be strategic about this? Do we work with seven billion consumers or 1.5 billion producers?

We have chosen to work with the 300-500 companies that control 70 per cent of the trade in each commodity. And from that list, we found that 100 companies represent 50 per cent of global production of our 15 commodities.

By 2050 we will have to produce twice as much food and fibre to take care of the nine billion people. How are we going to do it?

**T**here is no silver bullet, no single activity that will double food production. Instead, we think there are probably nine different sets of discrete activities that need to happen (see chart below).

If we pursue them all simultaneously we will more than double food production. Nobody can work on all of these. But everyone – consumers, producers, retailers, brands – can work on one of them.

We know that one out of every three calories never makes it to the consumer. If we could eliminate food waste in the system, we'd have to produce half as much new food by 2050. Much of the waste is in fresh food, about which we seem to have a mania today. In developing countries the causes are different but the results are the same.

Nor can we get away from genetics. If we didn't have plant breeding, we wouldn't have cities, we wouldn't have agriculture, we wouldn't have produce surpluses. It would be crazy to think we can abandon it.

But genetics doesn't mean transgenics and GMOs. We have to be doing 21st century plant breeding and looking for traits within the species that offer drought tolerance, disease resistance, productivity and nutrients.

We have to begin looking at trees. Trees are a much better way to produce food, so let's look at new technologies to see how we can change tree production within 10 years.

We also need to decide what is the right thing to measure. It's not bushels and tonnes, or animals per acre. It's calories. And when you look at calories you get a different set of solutions. Fourteen crops provide about 70-75 per cent of the calories on the planet.

If calories are what the world needs to feed people, bananas produce 20 times more calories in Costa Rica than corn does per hectare in Iowa. Sugarcane produces three times



Right: the scarring effects of slash-and-burn on the rainforest  
Picture: Getty

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ON A FINITE PLANET,  
SHOULD CONSUMERS  
HAVE A CHOICE  
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PRODUCTS?  
OR SHOULD ALL  
CHOICES BE  
SUSTAINABLE?  
”

DR JASON CLAY

more calories than bananas do and 60 times more than corn. Can we use banana starch to replace corn starch?

Can we begin to look at the substitutes that will meet our caloric needs?

We need to think differently, start measuring and start managing what we measure.

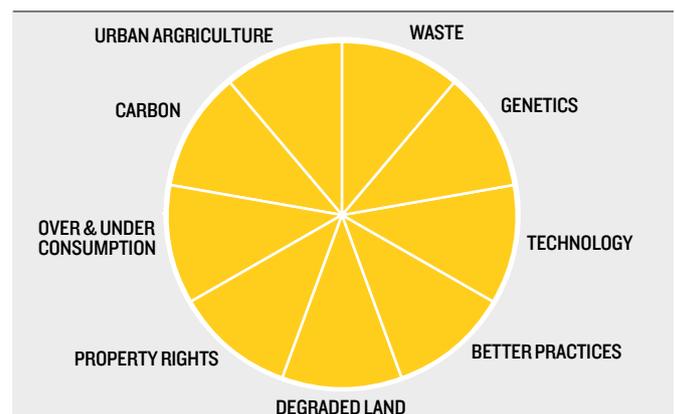
Seventy per cent of all the water we use is for agriculture. This means that every calorie of food takes a litre of water to grow. So which crops take less water, or produce more calories?

By 2050 we will have to produce two calories with half a litre of water.

Which crops, what farming systems, can do that? We must focus on the results and be agnostic about the technologies. Let's figure out which technologies work better in which places.

One of the things people don't understand is how dependent we are globally on a few countries to fill in the gaps of production shortfalls. Two years ago Russia cut wheat exports. That triggered price rises. And someone in Tunisia set themselves on fire in protest, triggering a series of events that became known as the Arab Spring.

## FOOD WEDGES



“  
100 COMPANIES CAN  
MOVE 50% OF GLOBAL  
PRODUCTION  
”

DR JASON CLAY

Food security and national security are connected. This summer, four of the top producers and exporters of cereals and oil seeds suffered droughts. At the same time, India’s monsoon is half of what it was last year. That means India may produce less food than it needs.

So food prices are going to be higher. Look at it another way: for two-thirds of the world’s population this is an election year. How do you think they’re going to vote?

**F**ood is going to trump everything, including the environment, which is why we need to start working on this now if we still want to have a viable environment and ecosystems.

What are 21st century supply chains going to look like? They’re going to be longer and more global and there are going to be fewer players. We will see longer-term contracts – some companies now have 10 or even 15-year contracts with growers. That’s becoming the norm, not the exception.

It’s about partnerships along the value chain. It’s not about spot market purchases or adversarial relationships. If somebody wins and the other loses, that’s not going to be the basis of a good partnership.

It’s about pre-competitive approaches; working together to solve problems, not working against each other. It’s about transparency, about knowing where things come from, how they were produced, and how to make it more sustainable.

We want people working together; common definitions, everybody on the same page. Sustainability is a pre-competitive issue.

Take IKEA, the world’s second largest buyer of cotton. It buys about 100,000 tonnes a year. Twenty-five per cent of the growers are certified.

IKEA has found there is a huge business case for certification. The growers it works with have reduced pesticide use by 60 per cent, water by 40 per cent and fertiliser by 30 per cent, and they have increased their income by 15-20 per cent on average.

IKEA no longer feels it’s a burden to ask suppliers to be certified. They see they’re going to make more money.

**S**o how are companies working together now? One example is The Consumer Goods Forum. Initially, 18 companies agreed to take deforestation out of their supply chain. Today that’s swelled to some 57 companies. They are starting with four commodities – beef, palm oil, soy and pulp – which represent half of the planet’s deforestation.

They see this not only as mitigating a risk but also an opportunity to position themselves.

Because these companies have agreed to work together to create deforestation-free supply chains, a group of 10 banks in the Banking Environment Initiative have agreed to take deforestation out of their lending portfolios.

If companies say they will not buy a product that is the result of deforestation, then there is a rationale for banks to lend to producers who don’t deforest, because they are going to get access to better markets with lower risks and they can give loans at lower rates.

In the last 10 years we have doubled the amount of food that is traded globally but food is still the most tariff-encumbered product on the planet.

So the big global issues for us this century will increasingly be resource scarcity, waste, food security and global trade. We need to start acting now.

### PRIORITY COMMODITIES

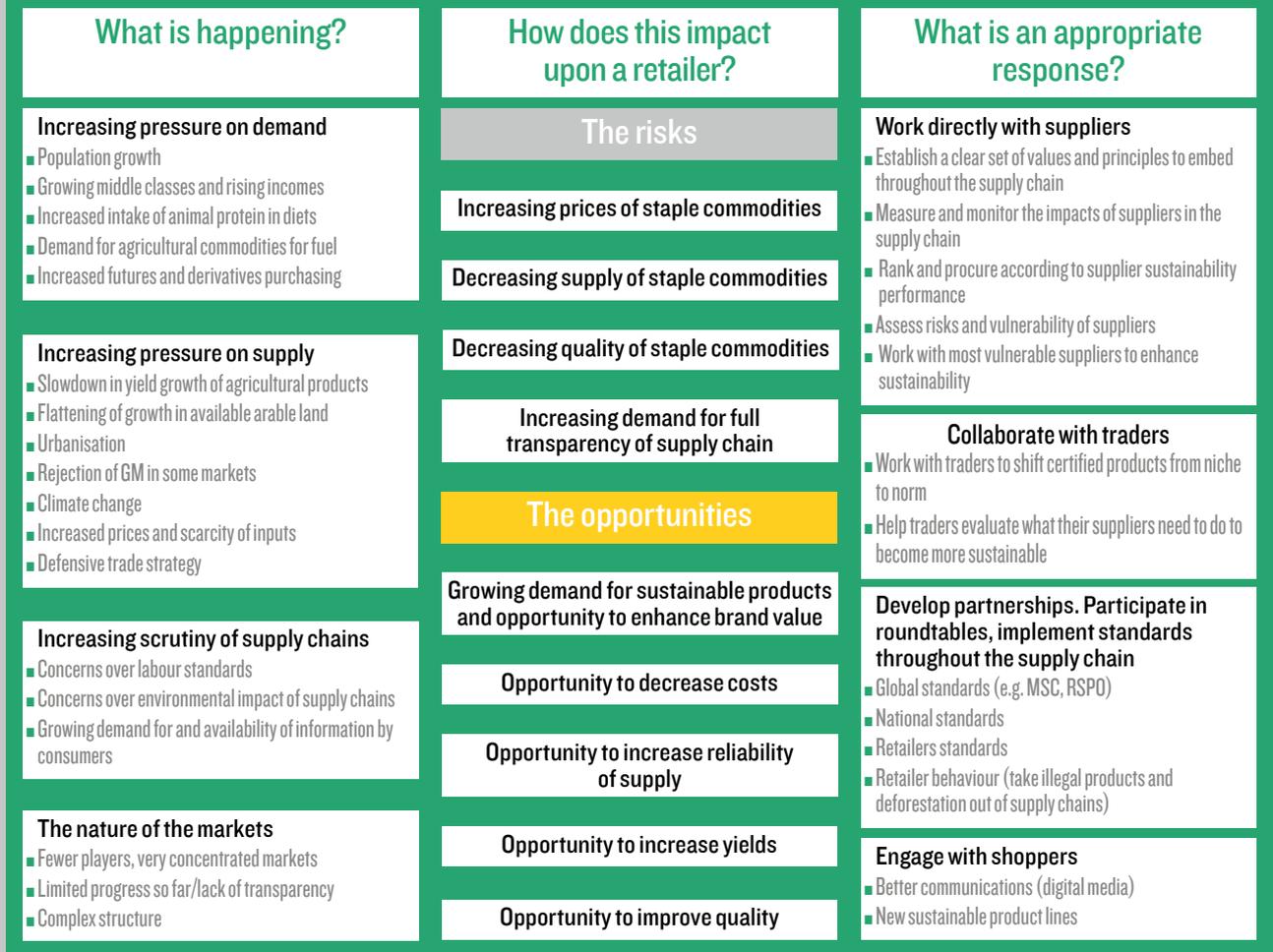


Pictures: Thinkstock

This article © 2012 WWF

# STARTING POINTS FOR ACTION

## SUSTAINABLE AGRICULTURE SUMMARY



## SUSTAINABLE AGRICULTURE VALUE CREATION MODEL

How do retailers drive sustainable agriculture throughout the value chain?

### Work with suppliers

By rethinking how products are sourced and reassessing relationships with suppliers, retailers have the opportunity to drive social and economic development and protect the environment whilst simultaneously improving quality, costs, quantity and reliability in their supply chains. These improvements can be made in several ways, from driving increases in resource efficiency, to re-designing logistics to reduce food miles, to increasing yields through the adoption of new technology. It is vital for the retail sector that the supply chain is not driven by manufacturers alone, but that they too begin to learn how to use sustainability to drive profitability in their supply chain.

### Collaborate with traders

The global agricultural commodity markets are dominated by very few powerful international trading companies. These organisations are not consumer facing and do not feel the same pressures with regard to sustainable agriculture as those felt by brands and retailers. To embed sustainable practices throughout the supply chain, retailers should look to develop programmes in collaboration, or at least cooperation with traders and help shift certified commodities from 'niche to norm'.

### Develop partnerships through standards and certification schemes

There are opportunities to work with other retailers, NGOs, suppliers, traders and manufacturers to develop and implement environmental, social and ethical standards to which key agricultural commodities are produced. This can be done using global, national, or a retailer's own standards. Global roundtables and standards exist for several key global commodities. For example: Bonsucro; Forestry Stewardship Council (FSC), Marine Stewardship Council (MSC), Roundtable for Sustainable Palm Oil (RSPO), Rainforest Alliance standards.

### Engage with consumers

Shoppers are becoming increasingly aware and concerned about issues of sustainability. There is an opportunity to communicate positively on actions being taken and to engage shoppers on the importance of making sustainable choices. There is a particular opportunity to influence behaviour in developing countries that are just starting to consume more.

Increasing transparency brought about in part due to the development of digital media increases the risk associated with unsustainable practices.

Beyond education there is also the opportunity to develop new sustainable product lines.



# BACK TO THE FUTURE?

Social media is powerful, compelling and instant. And it has the ability to take us back to a time when our local shopkeepers knew us, our likes and dislikes, and served us accordingly. We ignore it at our peril, says *James Quarles*



James Quarles is Regional Director, Europe, Middle East and Africa, Facebook

There has been no better place to witness the power and impact of social media in 2012 than the London Olympic Games.

One thousand athletes joined the Olympic online club to post pictures and share stories behind the scenes. Their families told tales of sacrifice, and spectators took pictures as they cheered for our teams.

One way or another, the power of social media was unmistakable. On the evening of the opening ceremony, 9.7 million people tweeted messages about it. Fifteen million followed the Olympics hash tag. Everyone, it seemed, had a way to share reactions and excitement.

The broadcasters saw this was to their benefit. The BBC put out content that could be accessed in real-time via social media and drove an 80 per cent increase in traffic. NBC similarly saw a huge uptake in viewers. In social media terms, this was an incredible Games.

There are now 950 million active monthly users on Facebook and 500 million on Twitter. While the technology is moving fast, however, the human behaviour behind it

should feel very familiar. My Facebook page, for instance, is just a digital scrapbook. It is where I post photos and family experiences, my ticket from the Games, the food we ate or the person who sat next to us – a document and dialogue for our close community.

If you look at your mobile phone bill, you will probably find that the four people you call 80 per cent of the time are the same four people that you message on Facebook and the same people you probably wrote letters to 80 per cent of the time. We communicate with a tight-knit group.

There is a principle called Dunbar's Law, named after a social anthropologist who studied Neolithic farming villages. He found that when they reached a size of about 148 people they became ungovernable and so a new village would be created. Well, that turns out to be the exact same number of friends people have on Facebook on average. So there are some core, identifiable truths here: people are using technology to communicate across boundaries, across language.

I do not think Twitter or Facebook take any credit for the individuals who braved

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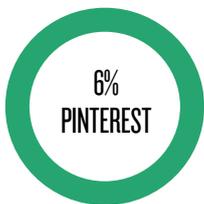
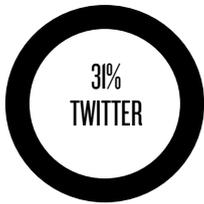
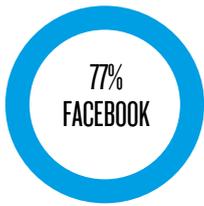
“  
FIFTEEN MILLION  
FOLLOWED THE  
OLYMPICS HASHTAG  
”  
JAMES QUARLES

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Facing page: Time for a quick photo? Olympic divers reach for their mobiles  
Picture: Getty



## HOW SOCIAL WERE THE OLYMPICS?



repressive regimes to make change during the Arab Spring but there are countless examples of such events around the world, such as the one from Colombia in 2008 where a 33-year-old Web designer named Oscar Morales, after witnessing the brutality of the Farc guerrilla regime, created a page called 'A million voices united against Farc' and organised a rally in 45 cities across the country. One and a half million people took part in Bogota and 200 solidarity rallies were run in cities across the world. As a statement, it changed the course of a nation in a powerful way.

This opportunity for the individual voice to be amplified is really powerful and probably threatening to a lot of traditional institutions, including brands and retailers. When someone sets their sights on you, they now have a pulpit to preach from, a means to broadcast their views.

Take the example from North America of Dave, a musician in a band. Dave took a flight from Halifax, Nova Scotia, to Chicago and watched as his guitar was mutilated in the process of being loaded on to the plane. He spent nine months trying to secure compensation from the airline. Eventually he wrote a song about the destruction of his guitar and posted it on YouTube. In one month it received five million views, and has



since amassed something in the region of 12 million.

This was a huge public relations nightmare for a company already struggling to maintain its brand and association with service. Even though it subsequently compensated him, the damage has been done and people still watch the video.

So the first question for brands and retailers who are new to social media is usually: how do I control this space? How do I control this uncontrollable consumer? The answer, of course, is you cannot.

But here is an example from the airline industry of how the outcome can be significantly different. In April 2010 Europe's airspace was shut down for five days following a small volcanic eruption in Iceland. Everywhere, people were stranded, often far from home. When the airspace re-opened, one airline alone, KLM, found it had 50,000 passengers it needed to re-book.

At airports across Europe passengers were turning up at transfer desks and ticket offices or phoning in, but were finding they could not get hold of anybody. This was a massive service challenge the carriers had not created – not so much man-made as God-made.

But KLM had opened up on Twitter a few months earlier, and decided to start using the social channel to communicate the latest information on flights. It quickly found people were engaging so it went a step further and installed 150 volunteers in its response centre to deal with the thousands of individual issues being raised. And it answered them through social media.

As a result, the company recognised the huge power and influence social media could have on its branding and service differentiation, and now staffs its Twitter and Facebook profiles 24 hours a day, seven days a week, in eight languages. KLM is now rated a global top-five airline for service, having made service a social priority.

Better still, it is not negative stories about being lost or stranded that dominate the KLM sites. The airline has produced some

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WHEN SOMEONE SETS  
THEIR SIGHTS ON YOU  
THEY NOW HAVE A  
PULPIT TO PREACH  
FROM  
”

JAMES QUARLES

Top: Caught on camera... revellers in Trafalgar Square, London, capture the dramatic countdown to the Olympic Games  
Picture: Demotix

Left: When a musician's guitar was broken in transit and he struggled to secure compensation, he wrote a song about it, posted it on YouTube... and told the world  
Picture: Thinkstock



wonderfully innovative campaigns, like the one where it took the Facebook profile photos of its fan base and painted them on the side of a 747 airliner, or the 'meet and greet' campaign where passengers log in with social credentials and get to see others they are flying with.

One UK retailer that has recognised the opportunity to personalise its image through social media is Sainsbury's. Take, for example, a letter from three-and-a-half year-old Lily asking why Tiger bread is so-called when its spots clearly make it look more like a giraffe than a tiger.

From a customer service agent at Sainsbury's came the reply: 'Great question, Lily. You've stumped us. We also think it looks like a giraffe. Here is a £3 gift card. Signed Chris King aged 27 1/3.'

Human, clever, fun and posted on social media by Sainsbury's when it decided, guess what, to change the name of the loaf to Giraffe bread. This story was shared 100,000 times.

To take things a step further, how about getting your consumers to be your ambassa-

dors and tell your story for you? One Spanish hotel chain, NH Hotels, has found a way to do it. The chain, which has a lot of city-centre locations, simply asks its customers to take a photo of the view outside their room, or the walk from the hotel to their offices, and posts it on a site called Wakeuppics. A simple representation of your point of differentiation, told in your advocate's voice - brilliant.

Or take the case of Toyota. The company had a tough year with recalls after enjoying a long reputation for quality. So it set up a Facebook site called Autobiographies, in which it invited current owners to upload videos telling the story of their first Toyota car. Then the company took some of these and got a documentary filmmaker to turn them into TV commercials. The content was so compelling Toyota chose to show it alongside its brand and messaging.

The point is, from a brand and communication perspective with social media you can either be reactive and face some potentially dire consequences, or be much more proactive, engage advocates and ambassadors and see very different results. But that is only half of it.

For me, the next opportunity is about authentic identities and what you can do when I establish a relationship with you. This is me, James Quarles, who is married, lives in London, has two young boys, likes Chelsea Football Club and Indian food, and reads James Joyce. All of my likes and interests are in my profile, along with all the places I have travelled. If we get into a trusted relationship where I give you access to that information that is very powerful and a much richer profile than all of the inferred data you might have gained from knowing that I buy South African wine, drink Coke Zero and buy nappies.

"  
HOW DO I CONTROL THIS SPACE? HOW DO I CONTROL THIS CONSUMER? THE ANSWER OF COURSE, IS YOU CANNOT  
"

JAMES QUARLES

Top: KLM employees holding up letters in answer to questions submitted via Twitter and Facebook, which were shown on a screen at Schiphol Airport, Amsterdam, to demonstrate the airline's responsiveness to social media  
Picture: Getty

Right: When's a tiger not a tiger? When it's a giraffe. What one three-year-old consumer thought about her Tiger loaf  
Picture: Sainsbury's



## MAKING SOCIAL WORK FOR YOUR STORES

**5** REWARD ADVOCACY. CONNECT TO LOYALTY PROGRAMMES

**4** EXTEND AND INTEGRATE SOCIAL WITH ONLINE AND IN-STORE EXPERIENCES

**3** DESIGN EXPERIENCES AROUND PEOPLE. EXPERIMENT

**2** RECRUIT ADVOCATES, ACHIEVE SCALE

**1** SOURCE CONTENT THAT IS AUTHENTIC, INTERESTING AND 'SHARE-ABLE'

**0** BUILD AND EMPOWER LISTENING

You could probably get to similar conclusions from those specific examples, but knowing me as an individual allows you to make your business personal. And that is where and when things get interesting.

Here are three examples. If you have stores in various locations, how do you make them locally relevant? You want consistency in your operation but you also want to make each store feel it is a member of the community. How do you engage with that community?

One example is Lululemon, the athletics apparel company. It has 142 stores, all with

individual Facebook pages run by the store manager. Most of the ones I have looked at have about 500 or 600 men and women connected to them. So this is a big international chain that is now relevant to me in my community. It is like an electronic noticeboard where people with similar interests can gather and meet.

Another example is SNCF, the French railway operator. SNCF has 182,000 employees and 14,000 trains and might be the last company you would expect to use social media. But what SNCF does is very simple. When you book a ticket on 'Voyage SNCF' you have the opportunity to invite up to six friends. 'Hey, let's go to Lille for the weekend. Here's my train time and seat number. Click to purchase and post to share.'

SNCF finds that one in six of those 'shares' drives an incremental purchase because other people also want to go to Lille, Toulouse or Geneva together on the train. This power appeals not only to my likes and interests but also to my circle of friends. You can make experiences better by strengthening those bonds or connections between me and my close friends or family members.

The third example is the UK-based online fashion retailer, ASOS, which operates in 190 countries. Its online fashion finder allows people to browse websites and 'capture' looks – combining, say, this jacket with these socks and those boots.

Perhaps 70 per cent of the items are from the ASOS site and 30 per cent from the rest of the web. Those items are then attached to my identity on the fashion finder and I can find others who like the same things. But it also significantly tailors the offer and communications that ASOS provides, because the company knows what I like and gives me access to the sales 24 hours before anyone else. It will give me a discount on those clothes and as a trusted and valued member of its community I get into its sale early. People love that degree of value and exclusivity.

This takes us back to the time when the shop owner knew me, knew my wife's name, knew which meat and cheese I liked and had it ready for me.

With the aid of social media, the store of the future will be able to bring back that personal touch and local relevance.

“  
THE NEXT  
OPPORTUNITY IS  
ABOUT AUTHENTIC  
IDENTITIES AND  
WHAT YOU CAN DO  
WHEN I ESTABLISH A  
RELATIONSHIP WITH  
YOU  
”

JAMES QUARLES



Top: Steps to social media success

Right: Fashionistas can "capture" looks and submit them to the ASOS site  
Picture: Getty

Opposite: Back to the days when shopkeepers knew us?  
Picture: Getty

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# BE YOURSELF... SIMPLY FLAWSOME

*Wendy Clark, SVP, Integrated Marketing Communications & Capabilities at The Coca-Cola Company, on the power of the networked consumer*



Wendy Clark

**W**e are increasingly clear, with social media, consumers can act as your sales force. If you share compelling, useful and interesting content with consumers they will pass it along and become your 'sales team'. They become the medium.

Take our own example at Coca-Cola. We have over 50 million fans on Facebook, the largest fan page of any brand. Plainly, 50 million is a huge number and one we are proud of and thankful for.

But those 50 million are just over one fan away from the entire Facebook universe. So if we do our job well and provide good content to those 50 million, they will forward it to a universe that looks more like one billion people. So, 50 million – interesting. One billion – really interesting.

That is the power of the networked consumer today. In this socially networked environment content is now the currency. The content you have – the funny joke, the picture someone hasn't seen – is the way you can create value on that network.

Essentially, Facebook enables us to do what we have been doing for millions of years – sharing with one another, exchanging stories, passing things along – but on a scale that was not possible before.

But it has to be authentically human. When it has a corporate front or veneer, consumers see through it immediately. They do not want the polished you, they want the real you.

The term we use now in our team is flawsome – a combination of flaw and awesome.

That is what consumers want us to be – real, authentic, approachable, accessible, transparent. Flawsome.

They do not want to see the polished Coca-Cola, they want the human Coca-Cola – and that is hard. After 126 years of controlling the conversation we are now suggesting we should show the imperfections. It may seem unthinkable to us, but that really is what our networked consumers are looking for.

In school we were all taught to control the variables and outcomes of our brands, and now we have to re-learn that idea. At best we can get invited into the conversation and participate. We cannot control all the variables any more. We have to be willing to get into the conversation, and sometimes those conversations will not be comfortable. But silence is often more deadly than the wrong answer.

Another point to bear in mind is that social is deeply local. We may have more than 50 million fans around the world but that conversation is managed in 90 different countries, at the country level. No one in Atlanta, Georgia, knows the currency of conversation in New Delhi, India. You have to have the conversation in the local market and be locally relevant.

At our best we talk about global scale and local relevance. Ultimately, the time will come when we can remove the word 'social' and this just becomes good marketing. It is fundamental to how we operate and fundamental to how consumers engage with us and talk about our brands.

“  
THE CONTENT YOU  
HAVE – THE FUNNY  
JOKE, THE PICTURE  
SOMEONE HASN'T  
SEEN – IS THE WAY  
YOU CAN CREATE  
VALUE  
”

WENDY CLARK

“  
SILENCE IS AS  
DEADLY AS THE  
WRONG ANSWER  
”

WENDY CLARK

Right: What consumers want us to be – real, authentic, approachable, transparent  
Picture: Adam P. Fagen

This article © 2012  
The Coca-Cola Company



# IT PAYS TO TALK. BUT KEEP IT RELEVANT... AND HONEST

The success of smoothie brand Innocent has been built on openness and dialogue with the people who matter most – consumers. *Richard Reed*, one of its founders, explains how social media channels provide the all-important links



Richard Reed

“  
WE MIGHT OWN THE  
PACKAGING RIGHTS.  
BUT WE DON'T OWN  
THE BRAND... THE  
CONSUMER DOES  
”

RICHARD REED

When we started out we never had money for marketing so we always seized every possible opportunity to communicate.

That is why we are where we are today with social media – we have always had an innate desire to convey a sense of being open and responsive. So there has never been a point in Innocent’s history when we became a social media brand – Innocent has always been one.

By social brand I mean something which has moved on from the old school of marketing when you had just one message that you would put out and expect people to receive.

Now it is all about participation. And this is one stark reality we have to accept – we do not own brands. We own the intellectual property, we own the logos, we own the words. We might own the packaging rights. But we don’t own the brand. The brand is simply a series of emotions, feelings, memories and bits of history that are held in each individual person’s head. It is always unique to the person and owned by the person.

All we can do as businesses is to get our brands and ethos out there so that people

participate and are more likely to want to be part of our brand community than someone else’s.

From our inception we were social, participatory; we were very much about making sure the consumer was part of the ecosystem. We were three friends who had met at college and always talked about setting up a business. At a snowboarding weekend we came up with the idea of making smoothies.

While we kept our day jobs we spent months working on recipes and business plans before we got to the point where it was necessary to commit to it or pass. We bought £500 of fruit, turned it into our favourite smoothie recipe and set up a market stall at a music festival. Above the stall we put up a sign that asked: ‘Should we give up our jobs to make these smoothies?’ In front we placed a bin which said yes and another that said no. If the yes bin was full by the end of the weekend we resolved to go in next day and resign. We had a scary Sunday night when we realised the yes bin was full.

If the no bin had been full we would never have started Innocent. But that yes bin gave us the confidence we needed. Ever since,

Innocent’s customers share in the decision-making... and hat-making. Last year they knitted 1.8m tiny hats, with proceeds going to a charity for old people



“  
FIRST, IT IS ALL ABOUT  
DOING THE SIMPLE,  
BASIC THINGS WELL,  
OVER AND OVER AGAIN  
”

RICHARD REED

we have always asked, always talked. After all, we only ever want to get the answer right. And the best way to do that is to ask the person who is most important – the consumer. Right from the beginning our packaging always said: if you are bored give us a call on the ‘banana phone’ or pop round to Fruit Towers.

To this day that remains our ethos. The front door is always open. Out of the 250 people in our business 50 are volunteer tour guides who take it in turns to meet people at reception and show them around.

Whether you work in sales, HR or finance, it means there’s someone walking past your desk who is a consumer, and that is an amazing feeling. It keeps us honest. We have to be transparent because the people who make this thing possible – the people who buy our products – are around us every day. If you are doing that, you have to make sure you are who you ought to be.

When we say ‘give us a ring on the banana phone’ – which is in fact a big plastic banana-shaped phone – we mean it. We have three people whose job is to answer it, but if they are all on calls simultaneously it rings on everybody else’s desk, mine included. Everyone expects to answer the banana phone at least once a day. It means the consumer gets a real person answering the phone and my team get to connect with the ultimate boss. The fact is, whoever we are, whatever we do, we only have a job because people are good enough to buy our products.

We have a ‘chill out’ area in our office where, on a Saturday morning, we invite consumer volunteers in to tell them about what we are doing. We tell them the good and bad stuff and show them what we are developing. The products they vote for are the ones we launch. We show them ad campaigns in development and again get them to vote, and we tell them which charities we are thinking of supporting with our foundation, and they vote on that too.

It is not a PR stunt; it does not cost any money. It’s about getting people – these real, loyal advocates who are so into our business that they are prepared to give up their Saturday mornings for free – to come in and help make decisions.

We do other things with our consumers. One ‘mass participation’ activity – which sounds slightly daft, I know – is to get volunteers to knit tiny hats. For every hat we sell, 50p goes to Age Concern, a UK charity that supports old people.

When somebody at Innocent first suggested the idea, I thought we would need to get a factory to make them but he was convinced we could get volunteers, provided we made a donation to charity. In the first year he got 3,000 hats knitted, in the second year 20,000 and in the third 80,000. Last year volunteers across Europe knitted 1.8 million hats.

At the root of all this, I think, is a desire always to participate, always to talk, always to

involve the consumer. We see them as part of the ecosystem, as valid and necessary as our farmers and manufacturers.

When we started the business in 1999 we launched an email newsletter. Eleven people signed up for it. Now we have 150,000 people. Published each week, it is a brilliant opportunity to communicate what is going on in the business and ask questions. We have been blogging since 2004, on Facebook since 2007 and on Twitter since 2008. They are all just expressions of the same desire to communicate, and in our Innocent tone of voice.

Does it deliver business results? I do not know but I am glad we do it because we see its value in so many different ways.

The thing – the myth – about social media, especially Facebook, is that it is all about how many fans you have. Because of the way Facebook works, you have to stay engaged and keep your fans active, otherwise they do not get your news feeds. So this is something you have to think about. It is not just about acquiring fans the first time – you must keep them active or they will not be reading the things you hope they are.

Having been voted number one in the UK for use of social media, which of course was great for us, there are five things we have found to be true and which have helped get us there. First, it is all about doing the simple, basic things well, over and over again. Also, you must be yourself. You have to have a tone and a point of view and you have to represent it 100 per cent of the time.

At Innocent we have one person who is our social media guy – a hobbyist who loves it and built the Facebook page and Twitter feeds. Having someone who is passionate about it and naturally understands it has been tremendously valuable. It has set a tone that makes our brand personable.

It means we always respond as people, not as a corporation. When they say something funny, we tweet something funny back. When they have a problem we deal with it straightaway – human to human, not business to consumer. That is the most important thing you can do in social media.

Whether it is serious or frivolous, about health, ethics or funny pictures of dogs, it has to feel it is coming from the same person, which in our case it genuinely is.

Social media is also about the voice of the corporation. In the same way that we have colours, logos, products and a visual identity that define us, we have to have a tonal identity. If you do not have it in social media you get found out.

Another thing that has worked really well for us, and it means adopting the mindset of a newspaper, is to try to ‘break’ stories – create content and put it out in real-time. Here are some examples. Some of them are really dumb, but so is a lot of social media. When *Fifty Shades of Grey*, the erotic fiction book,

Opposite page, top: how Innocent heralded British success at the Olympics



came out it attracted a huge amount of publicity in the UK, so we did Fifty Shapes of Grape as a pastiche, and pinged that out.

When scientists discovered the Higgs boson particle, one of our creative people produced a funny cartoon about what would happen if they had lost it again. It was picked up by the press and people started using the cartoon across social media platforms.

The Olympics provided a brilliant opportunity to be current and take a view on what was going on. Within 20 minutes of Bradley Wiggins winning his first gold medal our team designed a funny little medal which proclaimed 'All hail the sideburns'. As well as tweeting it within our own fellowship, we tweeted it direct to Bradley Wiggins and within minutes he wrote back saying 'Thanks - our whole household lives off your products' and tweeted all his followers. That's half a million people for just a silly drawing that took 20 minutes to do.

So, if you get it right it can get you to a lot of people very quickly.

The next important thing is to recognise that social media offer a brilliant opportunity to get the people we all work for - our consumers - on the inside of our business, informing us, helping us make decisions and making sure we avoid mistakes. On our website we have a rate and review section so consumers can rank each of our products. Apart from anything that is inappropriately rude, it is unfiltered. So we get real-time information as soon as a product hits the market - the time when it is always valuable.

When we launched a range of veg pots, healthy meals made from nothing but vegetables, we thought they would be loved by vegetarians. On the day of the launch, how-

ever, the ratings and review section was completely taken over by the Vegan Society, which had a big issue with them because they had honey in them. We simply never knew that vegans had a problem with honey.

Within 76 hours, we had replaced the honey with sugar and they were back out on the shelves with a reformulated recipe, all done in conjunction with the Vegan Society. First, we had got the information straightaway and, secondly, they saw we were reacting to it. Now they are huge advocates of the brand and the product range.

Ultimately, it is all about communications. We have clear messages and topic areas - a kind of editorial policy - about the things we want to get across, and we have to make sure there's a balance. It cannot all be pictures of dogs in wedding dresses. We also need to talk about health and food, all the things the brand stands for.

We measure the effectiveness of every single post and can see what people find interesting, and that of course informs what we do the next day.

The fifth thing I have found to be true about social media is that if you really want people to become genuine fans and advocates and recommend you to their friends, you have to accept that it cannot always be just about you. A succession of sales promotions will not cut it. You will quickly be deleted from people's lists.

In truth, you need a bit of left-brain logic and right-brain emotion and fun, and social media is where the two converge.

Before we post anything we ask ourselves: is it a load of FHUI (fun, heartwarming, interesting or useful). It has to be at least one of them otherwise we should not be doing it and people would be right to delete us. FHUI? Make sure it is.



“  
YOU NEED A BIT OF  
LEFT-BRAIN LOGIC  
AND RIGHT-BRAIN  
EMOTION AND FUN  
”

RICHARD REED

# HOW TO PREPARE FOR THE 'PERFECT STORM'

As business leaders and fellow consumers, we are on a journey – and one with certain responsibilities. *Mark Price*, Managing Director of UK retailer Waitrose, explains how, in this new world, doing the right thing must become the norm



Mark Price

Let me take you on a journey. In 1804 the global population stood at one billion. By 1960 it had reached three billion and by 1975 four billion. In 2011 it hit seven billion. So, in just 35 years or so we have added another three billion to the world's population.

Taking that into consideration, it seems odd to think that around 10,000 years ago – a geological blink of an eye – the venue for this conference lay under a glacier... and in another 40,000 to 60,000 years will do so again.

Long before then – in just a few years, in fact – and thanks to a myriad of factors from population growth to waste and over-consumption, we may well face equally serious issues with our constrained resources. The UK's Chief Scientific Adviser, Professor John Beddington, has described it as a 'perfect storm' of population growth, climate change and demand for energy and food. By 2050 – an insignificant jump in geological terms – we will have nine billion mouths to feed.

Many of those individuals will rightly have aspirations to join a rising middle class and taste the lifestyles they enjoy. Their diets will

have moved from traditional staples such as rice to westernised meat-based menus. With that change will come the difficult challenges posed by the worst excesses of westernised diets. Healthcare systems will come under strain.

First, we must ask where the food will be grown to cope with this rising demand. As cities expand, productive farmland disappears. Waste is a problem, too. And what about the energy requirements of this burgeoning population?

Does science have the answers? Can we, as a society, cope with the changes that will come? What kinds of unintended consequences do we face? And how can retail businesses respond to these enormous challenges?

When I joined John Lewis as a graduate trainee in 1982, things were very different. We closed on Sundays and Mondays and there was far less choice – we stocked just 20 per cent of today's line count. We did not take credit cards. If you were a customer, it may have looked as if we were not especially geared up to meet your needs. Indeed, it may have looked as if we had a 'take it or leave it' attitude.

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“  
A PERFECT STORM OF  
POPULATION GROWTH,  
CLIMATE CHANGE AND  
DEMAND FOR ENERGY  
AND FOOD  
”

PROF. JOHN  
BEDDINGTON,  
UK'S CHIEF  
SCIENTIFIC ADVISER

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# A JOURNEY THROUGH TIME

SOME LANDMARKS IN OUR EVOLUTION, HIGHLIGHTED BY MARK PRICE

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AROUND 4.5 BILLION YEARS AGO, EARTH WAS FORMED ♦ 65 MILLION YEARS AGO A METEOR IMPACTED IN MEXICO, LEADING TO THE EXTINCTION OF THE DINOSAURS ♦ 200,000 YEARS AGO HOMO SAPIENS SPREAD AROUND THE GLOBE ♦ AT LEAST 10,000 YEARS AGO, WE BEGAN TO FARM THE FERTILE CRESCENT OF WESTERN ASIA ♦ SETTLEMENTS BEGAN TO FORM ♦ AROUND 6,000 YEARS AGO THE WHEEL WAS INVENTED ♦ AROUND 5,000 YEARS AGO WRITING DEVELOPED, IN EGYPT AND CHINA ♦ AROUND THE YEAR 900, OUR MODERN NUMBER SYSTEM WAS INVENTED BY HINDUS AND INTRODUCED INTO EUROPE BY ARAB TRADERS ♦ BETWEEN 1500 AND 1850 THE AGRICULTURAL REVOLUTION BEGAN TO CHANGE THE WORLD ♦ BETWEEN 1750 AND 1850 THE INDUSTRIAL REVOLUTION CHANGED EVERYTHING AGAIN ♦ IN 1830 THE LIVERPOOL TO MANCHESTER RAILWAY OPENED ♦ 1877 ALEXANDER GRAHAM BELL PATENTED THE TELEPHONE ♦ 1885 KARL BENZ INVENTED THE AUTOMOBILE ♦ 1925 JOHN LOGIE BAIRD DEMONSTRATED A WORKING TELEVISION ♦ 1928 ALEXANDER FLEMING DISCOVERED PENICILLIN ♦ IN 1957 RUSSIA BEAT THE US INTO SPACE BY LAUNCHING SPUTNIK1 ♦ 1969 NEIL ARMSTRONG WAS THE FIRST MAN TO WALK ON THE MOON ♦ 1981 THE COMPUTER SCIENCE NETWORK, THE SEED OF THE INTERNET WAS DEVELOPED AND A YEAR LATER IBM INTRODUCED THE PC ♦ THE INTERNET AS WE KNOW IT OPENED UP IN THE MID-1990S, AS DID MOBILE TELEPHONY ♦ 2004 FACEBOOK BEGAN ♦ 2006 TWITTER LAUNCHED ♦ 2007 THE IPHONE WAS INTRODUCED ♦ 2010 IPAD RELEASED...

How things have changed. Today, the customer is rightly demanding more – much more. Our customers want keener prices, constantly improving product quality and a solid, grounded ethical position. They demand better value in its broadest sense.

We have worked hard in Waitrose to give our customers what they want and this helped us hold the position as the fastest-growing British supermarket for three years. Our ability to respond quickly to changing customer demand has much to do with being a co-owned business. There are no external shareholders who want to make a quick buck, and this means we can look at the long term.

**A**s a sports fan, I hear some sports coaches say they want their team to win at any cost – to ‘win ugly’. That is not the Waitrose way. I want us to win clean. I also want us to be a restorative retailer, one that gives back more than it takes.

The way we do things is enshrined under the four pillars of the Waitrose Way:

- Championing British
- Treading Lightly
- Treating People Fairly
- Living Well.

With Championing British we operate a ‘best in season’ sourcing policy for domestically grown produce. If it is in season and available, we will always choose to sell produce from British farmers. This year, despite the atrocious weather that has affected produce size and grade, we have managed to get British produce on our shelves by ‘flexing the specs’ – accepting produce on to our shelves that is still great quality but not cosmetically perfect. It helps our farmers bring more of their crop to market and contributes to the sustainability of their businesses.

When we talk about Treading Lightly, we believe in making the right choices for the environment. We have already achieved our target of sending no waste food to landfill. Any that is still fit for human consumption will go to charities to feed the homeless and disadvantaged, and other waste food will either go to anaerobic digestion to pro-



duce energy or will be used in other sustainable ways.

As a co-owned business, Treating People Fairly is especially close to our hearts. Whenever we touch people’s lives, we aim to treat them fairly and with respect. That is why, given the recent row in the UK over the prices paid by retailers and other outlets to dairy farmers, we can honestly say we have a market-leading position.

We work with a group of around 80 dairy farmers whom we know and trust, and we always pay them a price that takes into account their costs of production. We are in this for the long term. We want our farmers to run sustainable enterprises. It is the right way to do business.

The final pillar is Living Well. We believe healthy eating means eating more broadly.

We focus on bringing our customers a huge amount of choice in high quality, nutritious food. None of our own-label products contain artificial trans fats. We were the first retailer to use government-recognised ‘traffic light’ labels on our products and all our own-label products meet the UK Government’s salt targets.

If the first big change over the past few years was customers demanding more value – and values – for money, the next disruptive change has been the growth of the internet.

Here are some statistics to consider:

- More than three-quarters of Facebook users worldwide have ‘liked’ a brand
- There are over 31 million brand mentions on Twitter
- Facebook users click the ‘like’ button more than nine times every month, and we ‘like’ a new brand every 13 days on average
- One third of Facebook posts are from mobile devices
- Games consoles, connected TVs, photo frames and even plant pots are becoming connected to social media, and this engagement is helping drive business
- 90 per cent of people trust recommendations on Facebook
- 67 per cent of shoppers spend more online after receiving recommendations from friends.
- 64 per cent of consumers are more likely to buy from a brand if they answer questions on Twitter.

It is worth bearing in mind too that young people – those tough to reach 18-26 year olds – are increasingly becoming fans of busi-

“  
THIS IS A NEW WORLD.  
THE GENIE IS NOT  
GOING BACK INTO THE  
LAMP  
”  
MARK PRICE



Left and top right: Community Matters... how UK retailer Waitrose supports local good causes

ness online: 46 per cent have become a fan or friend of companies.

Waitrose is being recognised for its use of social media, which is great. But along with engagement come issues. It is not all plain sailing for a brand. We know, for example, that social media users are more likely to post discontent about a brand's customer service than other thoughts. You can also be left open to attack from single-issue lobby groups and other activists. Once, we would have worried only if a respected journalist wrote something negative about us. Now, anyone can write a negative review about your business and have it seen by potentially millions of people.

How do you react positively to this kind of transparency? Respond honestly and quickly. But also understand that this is a new world. The genie is not going back into the lamp.

The internet is also allowing us to transact in a different way. We are all wrestling with the new economics. As a business, you must now always be on and always in.

Customers have rapidly got used to the fact that they can shop when they want and for whatever they like. You must be able to service that desire or your customers will find another business to spend their money with. They have also become used to complete pricing transparency.

I honestly believe that the internet and social media will prove as revolutionary for retail today as supermarkets did in the 1950s. These classically disruptive technologies not only re-order how we shop but allow us to question what businesses we are actually in. Because of the closeness of interaction, what difference is there now between a media owner and a retailer?

If all you do is distribute products, how will you defend your traditional space? Surely intellectual property must become even more important for all brands. Those are questions to be considered now.

But what about the future? The next 30 years will see us facing the task of adequately feeding nine billion hungry mouths. Consumerism, wanting more than we strictly need, probably goes back to a time around the development of the first organised civilisations. But it is in the years since the Second World War that western economies have depended on rampant consumption to drive growth. And we retailers have been very successful in helping people want more.

If nothing else, the years since the economic crisis began in late 2007 have begun to make us question whether this is an unsustainable state of affairs. We cannot continue to live as if tomorrow is of no consequence. As it is, we are facing a situation where the gulf between the haves and have-nots is set to widen further, with all the resulting social tensions.

Tensions are fuelled by the immediate spread of information via social media and



the internet. Riots in London during the summer of 2011, for instance, were driven using social media and instant messaging on portable devices.

We must begin to look at things differently. We will need to get used to having less and sharing more. Some businesses are already doing this. Pets at Home, for example, supports a non-profit pet adoption service where customers can adopt animals that others can no longer look after. It is a great idea; socially responsible but good business too, as most profit comes from sales of pet food and accessories.

In Waitrose we operate Community Matters, a scheme that allows customers to support the local good causes of their choice while they shop. Under the scheme, which began in 2008, we have to date given away nearly £13 million to good causes, at no cost to our customers. This is a scheme that does genuinely good things and helps us make a positive contribution to the communities in which we trade.

We are in a different world to that which existed before 2007, and I think that is a good thing. In this new world, business must be a nimble and open force for good as well as a profits generator for shareholders. Businesses that are unwilling to adopt the new mantle of responsibility will, I believe, see their customers dwindle away and will come under pressure from governments and NGOs.

However, customers too have a responsibility: a responsibility to get used to consuming less and consuming more responsibly. And we, as business leaders as well as fellow consumers, have a responsibility to help guide them on that journey. We must create the right culture, strategy and plans. It need not be a painful process. Doing the right thing should become the norm in business.

If we accept that, I believe we can face and conquer the challenge of the next 30 years and come out of this period of change into a far better and more connected world than the one we left behind.

“  
BECAUSE OF THE  
CLOSENESS OF  
INTERACTION, WHAT  
DIFFERENCE IS THERE  
NOW BETWEEN A  
MEDIA OWNER AND A  
RETAILER?  
”

MARK PRICE

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# THE PROMISE OF SUSTAINABLE GROWTH

There are, Benjamin Disraeli famously observed, 'lies, damned lies and statistics'. The figures offered at the Global Retail Summit by Prince Charles, Lord Deben, the World Wildlife Fund and others, however, tell a stark and undeniable truth.

Two hundred years ago, in 1804, there were one billion people on the planet. By 1960 the number had grown to three billion. In 1975 it topped four billion; and in 2011 the figure reached seven billion.

In other words, as Mark Price, Managing Director of UK retailer Waitrose, pointed out, the global population has grown by three billion in the space of 36 years – a level of growth that previously took 170 years to achieve.

It does not end there, of course. By 2050, according to predictions, we will have added another two billion people. That makes nine billion mouths to feed.

All of this might make for an interesting, leisurely discussion were it not for some other pressing facts and figures. While the world's population continues to soar, other elements in our complex ecosystem are also getting out of hand.

Food production, Dr Jason Clay of the WWF stressed, already accounts for a third of the planet's surface area, and more is steadily being purloined through the destruction of rainforests and other precious natural habitats. The quest to produce ever more food for ever more mouths goes on. At current rates, he calculated, food consumption by 2050 will be twice today's level.

Yet food production already uses twice as much water as all other activities combined, as well as more chemicals, and produces more greenhouse gases than any other human activity. And at the end of all this resource use and pollution, one third of all food is wasted. Something has to change.

Prince Charles put it bluntly: we are, he warned, rapidly breaching one planetary boundary after another.

Consumer behaviour is fundamental in all of this – and that is where, he suggested, retailers and manufacturers come in. Our

sector touches people's lives every day, and so has to be central to the solution. We represent a powerful force for good.

Mark Price was equally forthright. As retailers, we have been successful in helping people want more. In future, we must help them take responsibility for consuming less and consuming responsibly.

So the sustainability message from the London Summit is clear: we have an influential voice and an important role to play in bringing about change. And as environment specialist and former UK government minister Lord Deben suggested, better that we take the lead and shape our own future than leave others to do it for us.

When it comes to the modern phenomenon that is social media – Twitter, Facebook and the rest – it is, for good or ill, consumers who take the lead. But that does not mean we cannot join in. Indeed, as speakers warned, if we want to protect our brands, our reputations and our businesses, we must. Silence is not an option.

The good news is that these communication channels provide us with more ways than ever to reach our customers and build, as Innocent drinks founder Richard Reed put it, our 'brand community'. It is, he and others such as Facebook's James Quarles and Wendy Clark of Coca-Cola emphasised, all about participation.

The words they repeatedly stressed: honesty, openness, transparency, relevance, usefulness. Throw in a dash of well-placed humour and you have all the ingredients for a lively, productive dialogue with the people who matter most – consumers. Just don't try to control the debate.

Clearly, future success will depend in no small measure on how retailers embrace the challenges posed by sustainability and social media. As Lord Deben warned, there will be no growth unless it is green growth.

Muhtar Kent summed it up succinctly at the Summit. 'A brand is a promise,' he suggested. 'A good brand is a promise kept.' And we need to keep that promise if we are, as he put it, to 'continue to crack the calculus of growth'.

# VIEWS FROM THE PANEL

The Summit programme included brief panel discussions led by the journalist and broadcaster James Naughtie. Panellists included Marc Bolland (Marks & Spencer), Jose Luis Cutrale (Sucocitrico) and Seth Goldman (Honest Tea)



“  
YOU NEED TO GET THE CONSUMER  
ACTIVE IN THIS [SUSTAINABILITY] DEBATE,  
AND THAT IS NOT HAPPENING  
”

MARC BOLLAND, MARKS & SPENCER



“  
THE QUALITY OF THE PRODUCT  
IS THE MOST IMPORTANT THING  
FOR THE CONSUMER  
”

JOSE LUIS CUTRALE, SUCOCITRICO



“  
CONSUMERS ARE BEING HIT WITH A  
BEWILDERING ARRAY OF STATISTICS  
”

JAMES NAUGHTIE, BROADCASTER  
AND PANEL MODERATOR



“  
CONSUMERS WILL TRUST SOURCES  
THAT HAVE CREDIBILITY  
”

SETH GOLDMAN, HONEST TEA

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