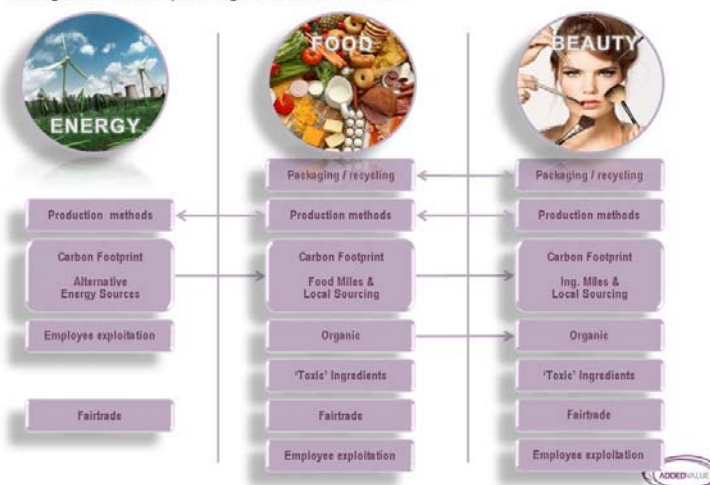


Innovation can change the world

Innovation changes the world. Think of something as simple as the shape of Toilet Duck. Or disposable pepper grinders. Think of mobile phones, iTunes and iPods. These things have not only changed categories; they've altered the way we do things. Brands like Apple and Virgin have built their businesses on the idea that change – often radical change – can be very, very good for business.

But can innovation really change the world? We are quickly realizing that at the rate we're going, resources are going to run out. Whether we're worrying about our carbon footprint or the longevity of a workforce under threat from HIV/AIDS, there are some big changes afoot. The way we've done business in the past is not sustainable. Our ability to adapt and evolve to a changing environment will propels us forward. And as any follower of Darwin knows, only the fittest survive.

Issues that were once relevant to specific categories are impacting across the board



Global shift, local issues

For the past four years we've been working with brands to understand their role in this global shift in consciousness. Branding for Good is about a fundamental shift in how businesses see their 'corporate social responsibility'. How they can shift their thinking from 'responsibility' into 'investment' and do better business, more sustainably, without risking the bottom line.

Change is not easy. But it is inevitable. In the developed world,

brands have taken a beating. Research shows that given a choice on product and price parity, more and more consumers in America and Europe will choose the brand they think has the more ethical reputation. And increased access to information and the viral nature of developing social networks has meant that unethical behaviour can – and will – be ferreted out and spread across the globe before the spin doctors have put their pants on.

Coupled with screaming headlines, a rash of eye-opening documentaries and a rise in consumer consciousness, brands have had to clean up their act and talk up their 'green' and ethical credentials pretty quick.

South of the equator, where large scale socio-economic hardship means brand choice is more about price than social consciousness, things get a little more complicated. Green, or environmental issues, are still important, but don't match up to the day to day issues around public health, access to infrastructure and resources, unemployment and chronic poverty. In countries like South Africa, brands and businesses need to be a lot more strategic about how they plan, execute and communicate their sustainability journey and messages.

But how?

Altruism in business is a myth

We hear two things from clients. Firstly, to be coldly corporate, brands can't just afford to do good for good's sake. And secondly, the challenge feels too big and many businesses don't know where to start. And our answer? Altruism in business is a myth. But doing business better makes better business sense. Brands with an eye on the future need to think a little more long term than they have to date. They need to think of the strategic benefit of changing the way they behave, whether it's long term cost saving, or increased consumer engagement. Those brands that are able to adapt, will have a better chance of surviving. Changing overnight is not an option. So, how can businesses evolve?

Through innovation.

In many companies, the R&D or innovation departments are often where change happens anyway. And in many companies, good change has historically meant more growth.

So what if brand owners could face their sustainability challenge by harnessing their existing innovation streams? What if they could step out of the mindset of 'this is something we must do' and use the momentum and inspiration innovation generates to move their business into its next life cycle? And we're not just talking about the big blue sky, category crushing ideas, but the small incremental steps that can take business from where it is, to where it needs to be.

In fact, Jeffrey Hollander, author of ['Responsibility Revolution: how the next generation of businesses will win'](#), suggests that we are now entering an age where we are being forced to redress the net result of the industrial revolution, which spurred mass consumption and throw-away consumerism. But Hollander is not all doom and gloom. He says we are entering another era of innovation and opportunity that could match that of the industrial revolution. By focusing on sustainable innovation, businesses could find new – and better – ways of operating at every level, from supply chain and logistics, to communication and brand building.

Firstly, identify the issues that will be core to your long term sustainability. What issues affect your work force, your supply chain, your products, your ability to manufacture, your

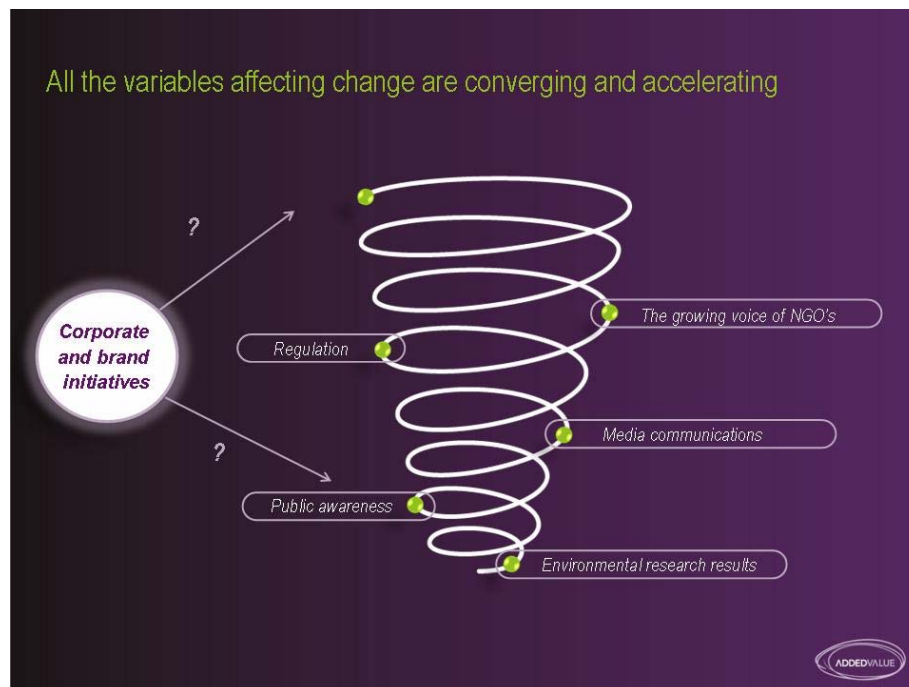
raw materials, your consumers? What resource is most critical to your ongoing ability to do business? And what would happen if that resource was no longer available? Much like light bulbs have had to get smarter and more efficient how might your business or products have to change?

Then look for ways to innovate towards a lower risk future. Start with your company, your market and your brand(s). All will be excellent sources of innovation inspiration.

Company

Many companies focus their R&D on product or manufacturing innovation. But by taking a look at the way the whole business operates can open up unlimited ways to innovate.

One of the quickest ways to access innovation ideas is to involve your strategic suppliers and partners in an innovation process. Packaging, communications, logistics and retail partners can all offer insight into cutting edge developments in their respective worlds, all of which could be your next competitive advantage. Think about Wal*Mart who've had one of the biggest supply chain impacts just by actively requiring their suppliers to reduce their environmental impact.



Innovations in distribution and supply chain management can also mean more efficient, more cost effective operations.

A classic example is Coca-cola's answer to the notoriously unreliable distribution systems of developing countries. Instead of using traditional routes to market, Coke built a network of smaller, local distribution centers, run by entrepreneurs, who often used bicycles to

distribute product to the myriad small shops and retail outlets in an area. The solution both helped to deliver Coke's 'always available' promise and to provide a network of employment to the community. Muhtar Kent, President & CEO of Coca-Cola International, attributed Coke's '2008 14% third quarter earnings growth to the company's adaptability to local markets.'

Another way to innovate towards sustainability is to think about reducing waste, exploring new sources of materials or using completely new, more sustainable resources. Packaging is one example. Imagine if breakfast cereals made an effort to reduce their excess packaging; more transparency at point of sale and an opportunity to provide affordability benefits for consumers.

As an aside, anecdotal evidence suggests that businesses that have a reputation for both a more innovative culture and a more sustainable outlook seem to be attracting and retaining staff, particularly younger candidates. Talent is attracted to businesses that have a reputation for ethics and transparency. And as Bernard Riegler, MD of Sappi recently observed, engaging your people in your sustainability journey can be a really powerful way to re-energize them and refocus your business.

Market

Insight into your market, both its consumers and its culture, can help unlock all kinds of innovation options. Of course, when making brand choices, we know that consumers aren't prepared to trade-off functional benefits; a soap powder which doesn't get clothes clean is no good no matter how environmentally friendly it is. They're also reluctant to pay a price premium, reasoning that big businesses have a responsibility to behave sustainably without calling on their customers to pay for the privilege.

And, it's worth noting, any brand making claims about its environmental credentials, or the ethical standards it applies in its treatment of its suppliers, had better be prepared for close and challenging scrutiny, and for an onslaught of moral outrage if consumers discover they are guilty of over-claim or "greenwash".

But – and this is the good news – consumers love products and services that genuinely improve their lives – and their world. Shifting from product- or technology-led to user-led innovation can be a starting point.

Talk to your consumers. Find out what's important to them. Ask them how they recycle or reuse your packaging or find your products or use your services. Observe how they engage with your category and brand and find out how you could make this more efficient. Find out what causes they support or what concerns them about the future. What would they do if your product could no longer be made or was restricted for some reason?

Update your market mapping or segmentation. Have your consumers changed their behaviour in the last couple of years? A recent study by TNS Research Surveys indicates that the number of consumers in South Africa 'unconcerned' with sustainability issues has dropped from 41% to 22%, indicating a rise in consciousness. Is this affecting behaviour? A good market segmentation will tell you if there are gaps for more ethical or sustainable products and could trigger a range of innovation opportunities. Be cautious, however, of filling those gaps through acquisition alone. Coca-cola, L'Oreal and Cadbury have all

acquired brands (Innocent Smoothies, The Body Shop and Green&Black's Organic respectively) with strong sustainability credentials. And this can work well. But companies may find themselves under closer scrutiny than ever for the activities of their wider business and will need to evidence that their acquisitions are just one step in the journey.

Find the passionate advocates, the NGOs, the experts. Ask them how they think your industry or category could change. Try and see how your business looks through their eyes. And listen to how they would change it.

And finally, explore how culture is evolving and understand what threats could be facing your business now and in the future. Understanding the cultural cues of your category's sustainability messaging, particularly in communications, can also help you subtly upweight your ethical credentials without resorting to heavy handed 'greener-than-thou' campaigns.

If all else fails, and with great humility, chat to anyone who has survived poverty or a war. There is nothing like the experience of having nothing to stimulate a million ideas on how to survive on less.

Brand

Start with your brand halo and brand shadow. The halo is all the good stuff, all the equity that can be used to grow a brand. Brand shadows are the negative impacts that your brand



currently has on people and the planet. Like skeletons in the closet, they are risks for the future, whether it's excess packaging, a supply chain partner who has failed to reduce pollution or has a bad reputation for working conditions.

Often these shadows can become opportunities. SABMiller, for example, recently conducted a study in conjunction with the WWF to understand the water footprint of its beer production. The

report revealed that the total water footprint in South Africa is equivalent to 155 litres of water for every litre of beer. About 98,3% of this comes from the cultivation of both local and imported crops. In response, SABMiller has initiated a project to reduce its water footprint, employing water engineers to assist suppliers in finding ways to reduce their water usage.

One of the biggest questions we hear from clients is around how they can use their sustainability efforts to build brand equity through communications. The first step is to focus only on those efforts that are core to the brands' positioning and to avoid 'greenwashing' at all costs.



The next, of course, is to find more innovative ways to communicate, or risk getting lost in the we-do-good wave. A great example is local insurance services company, Outsurance, who sponsor pointsmen and woman to direct traffic during the frequent outages of traffic lights. Great brand building amongst motorists for Outsurance, with a bottom line bonus of less accident claims (one hopes). And the traffic department's limited resources are given a bit of a reprieve.

Consumers are engaging with the sustainability journeys of favourite brands, particularly with those that are the most transparent about the challenges they face and the steps they're taking to meet those challenges. For creative teams, often the incremental steps innovations can bring are the perfect journey points to communicate to consumers.

Architecting the future

Changing the world – and more than a century's worth of bad business habits – will take a little time. But business survival will depend on how we evolve. With all things, there will be those who take leadership and drive the direction of change, and there will be those that won't make it as the wheel turns. Don't be a dodo. Use sustainable issues as a springboard for innovation and take that first step.


Originally written for [Brands and Branding 2010](#).

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About Added Value Group:

Added Value offers brand development and marketing insight services to blue-chip companies across all industry sectors. Everything they do starts with insight and ends with action, in pursuit of healthy brand growth for their clients.



With a footprint that now extends across 22 locations in 14 countries, drawing on the expertise within its global network, Added Value Group fuses brand marketing, consumer insight, innovation, and communications optimisation to help solve clients' marketing problems.

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