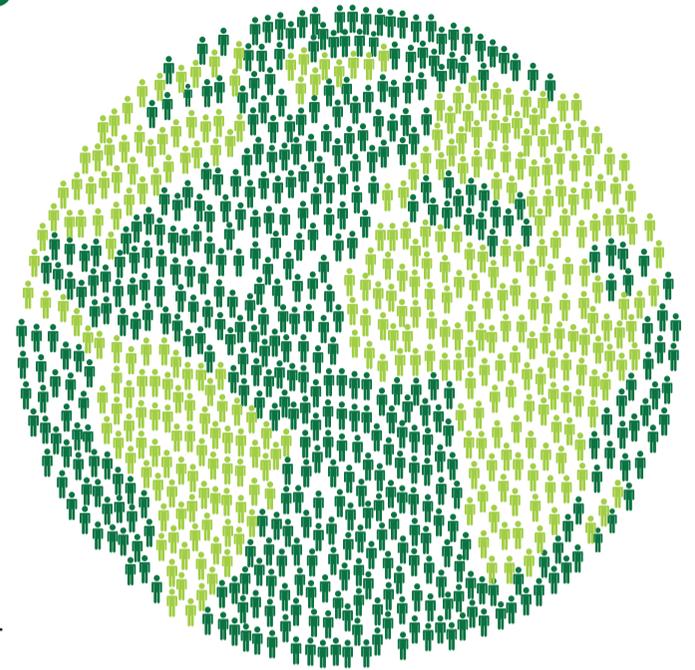


2015 People-Planet-Profit Trends

The population of conscientious consumers will continue to rise in 2015, largely due to millennials' mounting purchasing power, estimated at \$200B and climbing; this will drive and enable large-scale growth for sustainable, purpose-driven brands and the People-Planet-Profit market in the coming year.¹

Companies with genuine sustainable imperatives, like Patagonia,² are taking advantage of this opportunity and growing quickly to share their stories and product value with a broader audience. To be successful in this rapidly growing market, sustainable companies need to strategically differentiate themselves and react to the following trends in 2015.



01 | ACQUISITIONS FUEL GROWTH

Not only are sustainable companies increasingly looking to mergers and acquisitions as growth strategies to increase market share, but global giants are also leveraging this approach to enter the sustainable market.

Recent examples include Seventh Generation's acquisitions of bobble and Gamila, and Bain's investment in Toms Shoes. The U.S. Department of Commerce estimates that the latter type of consolidation amounts to \$400-\$500B in sales annually in the US alone.¹

As sustainable-minded companies continue on this path, they need to carefully plan their M&A strategy to ensure their purpose stays intact while synergies of the merger(s) propel desired business growth.

02 | EFFICIENCY & SCALE PREVAIL

Purpose-driven companies are growing rapidly along with the consumer desire for more sustainable products. Last year, global sales of products with sustainability claims on packaging rose 2x the rate of those without.³

For companies that wish to keep up with this pace and meet the increasing consumer demand for innovative and sustainable products, process improvement and stabilization are becoming a more important part of their operations.

Investments in systems, data, and reporting will be leveraged at a larger scale in the coming year by purpose-driven companies. This will allow efficiencies to be created for this amount of business scalability and enable employees to focus their efforts on continued innovation.

03 | STORYTELLING BREEDS LOYALTY

Businesses that effectively convey their missions, purposes, and brand stories are thriving in today's loyalty-based economy. A recent Nielsen survey indicated that 55% of consumers will pay extra for products and from companies committed to positive social and environmental impact.³

This ever-growing number indicates that mission-minded companies are successfully creating a marketing culture which informs consumers of their brand messaging, including the impact their products have outside of consumers' daily lives.

Optimizing internal marketing processes will enable companies to attain more brand awareness by effectively positioning their products both on the shelf and in social media.



04 | VALUE PLAYERS SEEK BROADER ADOPTION

Sustainable brands are known to be more costly than traditional products. While the pool of consumers willing to pay a premium for ethically made products grows, there remains a different segment of the market who, while they may find the mission noble, are not willing to pay high dollar for such products.

This segmentation has led to the offering of “green” products at a lower price point, which is more palatable to said consumers. Clorox’s Greenworks product line, for example, is priced at 40% less than competitors like Method and Meyer.⁴

In 2015, mission-minded companies will approach these lower price points with value brands to adopt a broader audience while marketing premium products to loyal consumers.



05 | CONSUMERS EXAMINE PRODUCT IMPACTS

Today, 52% of global consumers check labeling for positive socio-enviro impacts before buying products, up 10 points from 2011³. However, the number of “green” product offerings is also rising, introducing a wider selection of products with various levels of impact.

Studies show consumers cannot always differentiate legitimate sustainable product claims from unfounded, “green washed” claims. Factors such as 3rd party certifications positively impact buying decisions for both consumers and B2B purchasers.⁵

Strategic companies will capitalize on certifications like these, as well as traceability solutions, life cycle assessments and other approaches to validate product credibility.



06 | EFFECTIVE PLANNING SECURES SUPPLY

In a 2014 survey, 54% of respondents said they were extremely concerned about “increasing focus of sourcing products we consume sustainably.”³ As demand grows, more companies will be competing for responsibly sourced materials, which will diminish attainability.

Facing the biggest risk are purpose-driven companies built on commitments to sustainable sourcing. For these companies, defaulting to less responsible alternatives is not an alternative.

In 2015, more companies will invest in supplier relationship management and programs that directly cultivate access to sustainably sourced raw materials, such as Burt’s Bees’ Wild for Bees campaign.

Interested in Reading More?

- Finding the Win-Win with Retailer Sustainability Mandates
- Meeting Customer Traceability & Labeling Requirements
- The ROI of Integrated Reporting
- Trade Marketing & Demand Planning Alignment for Improved Sales Forecasting
- Supply Chain Diagnostic for Sustainable Companies
- Clarkston People-Planet-Profit Blog

Look for more detailed insights on these six trends over the course of 2015.



References

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