

**Summary Report of the Oxford Dialogue on
Advertising & Sustainability**

**held University of Sydney, Australia
20 October 2008**

**DRAFT Summary Report of the Oxford Dialogue on Advertising & Sustainability
held in Sydney, Australia - 20 October 2008**

Topic:

The meaning of sustainability to marketers and business – opportunities and risks

Participants

Ms Tyrilly Bolton

Solicitor
SWAAB Attorneys

Ms Lois Donaldson

Chief Operating Officer
Publicis Mojo

Ms Veronique Droulex

Marketing Manager, Nutrition
Meat & Livestock Australia

Ms Fran Hernon

Corporate Affairs Manager
Nestle Australia

Ms Katrina Koutoulas

Manager, Corporate Marketing
Nestle Australia

Mr Richard Plumpton

Corporate Affairs Manager
Coca-Cola South Pacific

Ms Kathy Usic

Nutrition Manager
George Weston Foods

Conveners

A/Professor Ruth Colagiuri

(Chair and Co-convener)
The University of Sydney

Mr Collin Segelov

(Co-convener)
Executive Director
Australian Association of National Advertisers

In attendance

Ms Renee Slade

Research and Project Officer
The University of Sydney

Apologies

Mr Stephen Hale

“Marketing helps make our world go around: products, services and advertising shape our lives and construct our futures” (Pramming & Colagiuri, 2008).

To explore these issues, the University of Sydney Institute for Sustainable Solutions (USISS) and Oxford Health Alliance (OxHA) – Asia Pacific Centre, in conjunction with the Australian Association of National Advertisers (AANA) sought a roundtable discussion with representatives from advertising and marketing to discuss the meaning and challenges of sustainability and advertising. This report provides a background to the meeting and summarises the key points of the discussion.

The Bruntland Report describes sustainable development as *“development that meets the needs of the present without compromising the ability for future generations to meet their own needs”* (United Nations, 1987). This Report brought to our attention the common interest of all to establish policies for sustainable development. Twenty years on, addressing sustainability at a local, national and international level is no longer optional but, as evidenced by the Garnaut Report and similar documents, has become a global imperative. Not only is collective action between private and public sectors essential to address the challenges of sustainability, sustainability is, in its own right, a compelling value-creating proposition for business (Mulder, 2007).

Events over the last ten years or so have led to a credibility crisis for marketing and for business more generally. There is unprecedented pressure to change, with an increasing need to respond to the demands and expectations of both primary and secondary stakeholders. Risk management is a powerful driver as is the global trend towards more open disclosure. Human sustainability (the development and fulfillment of human needs) and ecological sustainability (the protection and renewal of the planet) are interrelated developments along the path to the sustaining corporation (Benn et al, 2006).

Whilst major public investment is required to address the global challenge to assure a sustainable future, this cannot be fully achieved without co-operation of the private sector. Marketers and their businesses must look at the challenges of sustainability as an opportunity, and should play an active role in defining international and local political agendas (Mulder, 2007).

Purpose of the Dialogue:

AANA, OxHA and USISS understand that, for the complex problems of sustainability to be resolved, it is imperative to engage all levels, facets, and structures of society in finding solutions. Consequently, the Advertising and Sustainability Dialogue was convened to bring together representatives from companies that are conscious of and concerned about sustainability to explore a) the meaning and parameters of sustainability in relation to advertising and b) some possible ways of conceptualising and dealing with its complexities.

References

- Benn S, Dunphy D, Griffiths A (2006). Enabling change for corporate sustainability: An integrated perspective. Australasian Journal of Environmental Management 13:156-165.
- Mulder H (2007). Sustainable development and change. UN Chronicle Online Edition. United Nations, vol 44 (2). Available at: <http://www.un.org/Pubs/chronicle/2007/issue2/0207p58.htm>. Accessed: October 2008
- Pramming S & Colagiuri R (2008). Can public health advocates work alongside industry? Medical Journal of Australia 188(4):202-203.
- United Nations (1987). Our Common Future (Bruntland Report). New York, NY: Oxford University Press.

Summary of the discussion

The Advertising and Sustainability Dialogue was held at the University of Sydney on October 20, 2008 and was loosely predicated on the following discussion guide:

1. What is 'sustainability'? What does it encompass?
2. What does sustainability mean to advertisers/marketers and the media industry?
3. What opportunities and threats does sustainability present to advertisers/marketers?
4. Can advertisers/marketers proactively position themselves on sustainability ahead of political and civil sanctions and if so, how?
5. How can advertisers/marketers contribute to the broader sustainability debate?

This preliminary Oxford Dialogue on Sustainability and Advertising was exploratory in nature. Numerous issues and ideas were raised; and it is hoped that this paves the way for continued discussion (and eventually action) addressing the important issue of sustainability.

1. What is 'sustainability'? What does it encompass?

The Bruntland definition (see previous page) was accepted as reasonable working definition of sustainable development but what this actually means for business and how it translates into practice is not fully understood. This is a highly complex and previously untrodden path. It lacks definitive evidence to provide clarity and underpin decisive leadership. As both a societal and a business problem it was felt that the issues around global warming and climate change are, in short, overwhelming.

The specific meaning of sustainability to business depends on the nature, scope and size of the business. One of the challenges it poses is the enormity and range of implications (eg climate change, water, energy, health, transport, agriculture, carbon trading schemes, packaging and waste, over-consumption, workforce, social cohesion, economic growth, urban planning,). Its 'all pervasiveness' involves multiple players from various sectors and disciplines, all with diverse agendas and values. And, because so many players are involved, the sense of responsibility can be diffused. Bringing isolated bodies of knowledge together and grounding discussion in common values and a common language would go along way in developing solutions to some of the sustainability issues.

▪ *Survival and growth*

A common theme was the importance of sustainability to the survival of business. A reference to 'enlightened self interest' indicated an acute understanding that if communities are not sustainable, for whatever reason, neither is business (i.e. the continued growth of business is dependent on healthy and productive individuals and communities who are willing and able to purchase goods and services).

Marketers are driven by the corporate desire for constant growth in profits. This essentially requires constantly expanding markets which works against sustainability. Governments, too, want economic growth, but the question of how much growth we actually need and its contribution to overconsumption, excessive waste and global warming are rarely, if ever, debated. The case for a longer term view (beyond quarter to quarter) needs to be made and communicated.

- *Health and sustainability*

The pursuit of a sustainable planet has a substantial health agenda but it is a major challenge to get people to understand the importance of health and its centrality to sustainability.

2. What does sustainability mean to advertisers/marketers and the media industry?

- *Change in consumer demand and behaviour*

There is a shift from consumers to global citizens. People no longer simply purchase products or services, but are concerned about the environmental impact of production, sourcing, transport and storage of goods and the equivalent 'footprint' of services. Consumers are interested in brand responsibility, and make judgements based on how environmental/sustainable the company behind the brand is. Consumers are becoming increasingly savvy and so trust and credibility of a business/brand is absolutely essential. There is a general feeling that the public understand this issue more than any other issue faced in the past. Ultimately, the response to sustainability from industry will be driven by consumer demand.

It was agreed there is an almost tangible rise of civil society engagement which is often manifest in the voicing of opinions about issues of public concern. However, it was suggested consumers may have been persuaded that there's a problem and want someone to fix it but that they may not really understand precisely what it is they are concerned about.

- *To be seen as green*

There is increasing interest in how companies can be sustainable and address their impact on climate change; and how they then communicate this to the broader community. There is a desire to promote products/services as 'green', which is in line with consumers wanting to purchase such goods. However, given the emotion driving consumer choice, this needs to be considered with the caution and respect for avoiding taking advantage of this position.

- *Minimise waste*

The issue of waste needs further exploration and debate. If we stop waste – that is, if consumers purchase only what they need, it seems obvious that this would have a negative impact on industry (and profits) and would have negative consequences for workforce participation and tax revenue.

- *Risk management*

Addressing sustainability issues is part of a corporate risk management strategy and may help to engender a more proactive approach by industry to future societal challenges.

The greatest challenge is turning sustainability into a positive, rather than negative, issue.

3. What opportunities and threats does sustainability present to advertisers/marketers?

- *Financial cost*

There was general consensus that pursuing a corporate sustainability agenda in marketing products and services is good for the consumer and good for business but comes at an additional financial cost – to both. A key consideration for industry is the value to shareholders, which to date has been difficult to substantiate in the case of sustainability.

Currently, consumers and industry are penalised for doing the right thing – either paying a higher price or investing additional funds in the name of sustainability and cost is a point of tension and contradiction for both consumers and industry. Consumers are interested in the environment but only at the right price; on the other hand they seek opportunities to be part of the solution and are happy to pay more, and want the opportunity/choice to purchase sustainable goods and services.

For industry, sustainability comes at a price, conversely, sustainability could be seen as a chance to work more efficiently, maximising the use of scarce resources (eg minimising waste, reducing energy and water use). Natural resources are finite and will get more expensive as stocks become scarcer. Water was highlighted as a major area of concern for industry.

- *A trusted source of information*

It is essential that business establishes itself as a trustworthy source of information and important player in addressing the challenges of sustainability. Along with the governments, industry/corporations have not been well trusted by consumers. The highest level of trust is attributed to the non-government sector and highly visible advocacy groups with a credible track record such as the major health NGOs, consumer bodies and professional associations.

- *Information superhighway*

Sustainability is topical, receiving constant and sometimes sensationalised coverage across all forms of media and includes issues such as the impact of red meat production on the environment and the use of natural resources in agriculture. This can be a threat or opportunity for industry, depending on their ability to respond to various claims. But, information available to the public can be confusing - there are multiple and often conflicting messages and it can be difficult for industry to respond when all the facts are not known. In some instances, there is simply not enough information to make an informed decision, making it difficult for consumers to distinguish sensational claims from truths.

- *Recognising sustainable practices*

Addressing issues of sustainability and communicating this with consumers can add value to a brand but caution needs to be exercised here as industry critics may see this as opportunism. Nonetheless, there are examples of how sustainable practice has been recognised, for example, star ratings in the building industry and 'organic' labels becoming increasingly popular. This is a win-win for the consumer, producer and environment as it tastes better and is environmentally friendly, and the certification is trusted by consumers. Notwithstanding this, it was agreed that a rating or target system would be a difficult undertaking for the advertising/marketing industry at this stage as how to measure either of these is not well understood. Plus the diversity of industry and their issues would make it almost impossible to have a generic measure.

Nevertheless, it was agreed that a reporting mechanism could be a useful tool and through competition, could continue to raise standards. This could also allow for the different aspects of sustainability to be addressed. As an industry, a range of issues could be identified and individual businesses could commit to aspects relevant to them. Momentum would build if companies published gains made and future plans every 6-12 months as there would be an expectation that things will continue to improve. This would also recognise that each business/industry would contribute in its own unique way. It was also thought that this would contribute greatly to establishing trust with consumers.

- *Threats and cautions*

'Noisy groups' are putting pressure on governments which will compel them to respond via regulation. It is vital for industry to self regulate before regulation is forced upon it.

Industry faces many external barriers, including labelling and reporting requirements in each jurisdiction, but don't often speak out about them publically.

Another challenge is the potential for unintended consequences - a solution in one area can potentially create a negative (and sometimes profound) impact somewhere else. For example, reducing portion size of packaged products creates more waste in additional packaging.

Sustainability needs to be treated carefully in the way it is communicated to the public. There is a risk that it can be devalued if responses are disjointed and not well thought through, eroding consumer confidence. If done badly, consumers won't demand it - but sustainability is dependent on them as they are the drivers of change.

Industry also needs to consider sustainability from an employer's perspectives and invest in human capital and a sustainable workforce. Such investments can reap rewards in terms of productivity, staff retention and being an employer of choice.

4. Can advertisers/marketers proactively position themselves on sustainability ahead of political and civil sanctions and if so, how?

▪ *Actions to date*

Actions taken in response to sustainability issues from industry to date include:

- appointment of a Sustainability Director
- establishing a committee focussed on sustainability
- the development of a range of position papers and strategic documents
- restructuring the business to address sustainability, resulting in cross functional teams (i.e. marketing, technical, research and development, environment and community)

▪ *Addressing scepticism*

Industry is acutely aware that the consumer is often sceptical about what they are doing and that maintaining trust and credibility is absolutely essential. Industry often finds itself on the back-foot because actions of others have led to a feeling of mistrust. This is why a process that consumers understand and can trust is critical - for example, the 'certified organic' claim.

▪ *Help consumers be part of the solution*

Consumers do not want any more doom and gloom. The challenges of sustainability are well understood, as is the need for a response from all sectors. Market research indicates that consumers' position on sustainability is that 'every little bit counts' - what they do as individuals and what the businesses they engage with do are all important components of the solution.

Consumers are not looking for perfection from industry, or for all the answers to come from this one sector but they do want to see that industry has a vision and are looking to industry reflect the notion that 'every little bit counts'. If industry can do this, it will help to gain confidence in the marketplace.

▪ *Common language towards a common goal*

The industry and business community needs to develop agreement around the definition and scope of sustainability and how - as an issue of common concern - it can/should be addressed. Once this is established, individual companies and elect to be part of it or not.

▪ *Packaging*

While there appears to be a genuine interest in reducing the amount of packaging, especially for fast moving consumer goods, it was thought to be a difficult undertaking as the amount of packaging is often dictated by the information that must be included on the package.

▪ *An independent voice*

Industry is seeking an independent 'arbitrator' on sustainability knowledge and information - a point of reference to adjudicate certain claims and allegations and help dispel myths/misinformation in the marketplace and to provide objective guidance on directions and actions they may take. This could

include the establishment of a knowledge network where industry can refer to for current and best-available evidence at the time; and also be able to say that the evidence at the time is not sufficient.

5. How can advertisers/marketers contribute to the broader sustainability debate?

The voice of marketing and industry is very important to the sustainability debate – the challenge will be identifying the appropriate mechanism. It was agreed that it is critical for all aspects of the business, including suppliers, retailers, contractors and other third parties, to understand the importance of sustainability and their role in addressing the challenges. It was evident that ‘whole-of-company’ and ‘multi-sector’ solutions are essential.

▪ *Knowledge and communication*

Little is understood regarding how industry adapts to climate change, and there is concern for local producers with respect to a carbon trading scheme. There was caution expressed in acting hastily, when all the facts are not yet understood or known. Ongoing research and development is required to understand the causes and solutions. Despite this it was agreed that inaction is not an option.

A key role for marketers and advertisers is helping their clients communicate with consumers. Early adopters have an opportunity to provide leadership in the area. There is also an opportunity to engage with the green conscious Gen Y through innovative brand strategy. This would provide a competitive advantage as they demonstrate that they understand and are responding to consumer sentiment.

The Sydney Resolution makes explicit the link between health and the environment, drawing attention to community, workplace and public policy. A number of health organisations have adopted it and many others are using it informally to ramp up their workplace health. It could provide industry with a template to base sustainability actions. Participants were encouraged to discuss the Sydney Resolution with Executive/Boards and consider adopting it.

Summary

Advertising and marketing is confronted by complex and diverse issues in relation to sustainability. Clearly, there is an urgent need for a coordinated response to these issues. This dialogue represented a commitment to come together and discuss solutions collectively.

Issues of consumer confidence, choice, price, ‘green’, luxury and time and the tensions between these were discussed in some detail as were the external barriers, threats and dilemmas associated with action on sustainability. Conversely, there was good agreement that sustainability also presented opportunities and should be seen as an asset to business rather than a liability and great clarity around what the key issues would be:

- Carbon emissions
- Water
- Waste (non-carbon)
- Health

The companies which participated in the Dialogue had already invested substantial time and effort in considering and analysing a variety of aspects of sustainability and, in some cases, had already invested heavily in changing their practices.

Possible future directions

The Advertising and Sustainability Dialogue resulted in two major suggestions for taking the agenda forward ie:

1. A consolidated commitment and proactive approach – the role of AANA

It was suggested that AANA should consider setting up an action committee on sustainability. Given this first dialogue was exploratory in nature; the following list of questions, based on ideas and concepts raised during the meeting, might be used to assist with priority setting and form the basis of future discussion and action. An important issue relates to other industry representatives can be engaged in the sustainability agenda and how a sustainability collaboration might function? Other issues included:

- Can we adapt current definitions of sustainability to better articulate the needs of industry? In addition, do we need to identify core values that underpin sustainability actions for industry and a common language (including key messages) that can be understood by our constituents?
- Would the development of a sustainability framework or matrix be helpful in describing the diverse and complex issues of sustainability? Would this help different players prioritise their actions?
- What does ‘every little bit counts’ mean for industry? How can it be applied in a practical sense?
- How best can industry ensure that it self regulates before governments impose restrictions and how can we prepare appropriate responses or counter arguments?
- Is it possible to map health and sustainability? Would this assist in priority setting for advertising and marketing? Should a code of ethics be developed with regard to ‘green marketing’ and promoting businesses sustainable practices?
- Would a sustainability risk management framework be helpful to our constituents? Is it possible to unpack the issues related to the cost of sustainability and shed light on the contradictions for both consumers and industry?
- What is the real impact of reducing waste for industry? Are there alternative economic models which are more conducive to sustainability?

2. A sustainability knowledge hub and network

There was a unanimous and strong suggestion that a credible, independent ‘knowledge hub and network’ that industry could refer to for independent information and advice could be pivotal to clarifying issues around sustainability and assisting industry in ‘getting it right’. It was felt this might be best located in an academic institution and the potential role for USISS and/or OxHA in such a knowledge network, and the practicalities of this warrant further consideration.