OPINION PAPER

INDUSTRY'S ROLE IN TAKING SUSTAINABILITY TO SCALE

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The consumer goods industry has made great progress and investment in sustainability initiatives, but relative to mainstream production practices, broad-based sustainable practices at scale remain elusive. Among other outcomes, this almost always puts preferred processes, technology, materials and chemicals at a competitive price disadvantage. Although scale, and the economies that usually accompany it, are not the be-all-end-all solutions, it does provide for competitive pricing which makes sustainable products attainable for a larger number of consumers. Economic disadvantage compared to conventional alternatives is the essential obstacle to adoption and expansion of environmentally and socially preferred options. If industry works to create scale, it will pay off in larger consumer purchasing.

Research about consumer sustainable purchasing attitudes and behaviors can be contradictory: consumers regularly state their desire to purchase more sustainable products or support companies that are more transparent, though these desires don't always align with purchasing patterns. This may lead industry to believe consumer interest in sustainable products and companies is low, when in fact interest is high, but purchasing is lower due to higher costs. This perception can unfortunately delay core work at the industrial level to make our industry safer, healthier, faster, more efficient and cleaner -- in a nutshell, preventing us from creating a smarter, better industry based on fundamentally sound business principles.

Of course, companies absolutely need to keep customers and customer needs as their most important concern. However, we're now facing a Catch 22 situation where consumers keep waiting for industry to make sustainable products more affordable and industry keeps expecting customers, through these surveys, to give them some kind of "permission" to make cleaner, healthier, safer products that don't hurt people and the environment in which they are produced, used and ultimately disposed.

None of us intentionally wants to build products that do that. But over several centuries we have built an industry that forces false choices upon consumers. We ask: *Would you rather have a pair of jeans that has a demonstrated lower impact or higher impact?* All things being equal, most people would rather have one that has a lower impact. But then we ask how much more they would be willing to pay for that attribute, which gets understandably trickier based on that person's resources. It gets even trickier when it comes to what consumers will buy at point of purchase, versus their stated intent to purchase.

Since the early 2000s, study after study has examined factors affecting green purchasing behavior. In one study, the authors conducted an extensive review of 53 research studies, capturing a complex array of variables at work in consumer attitudes, behaviors and purchasing[1].

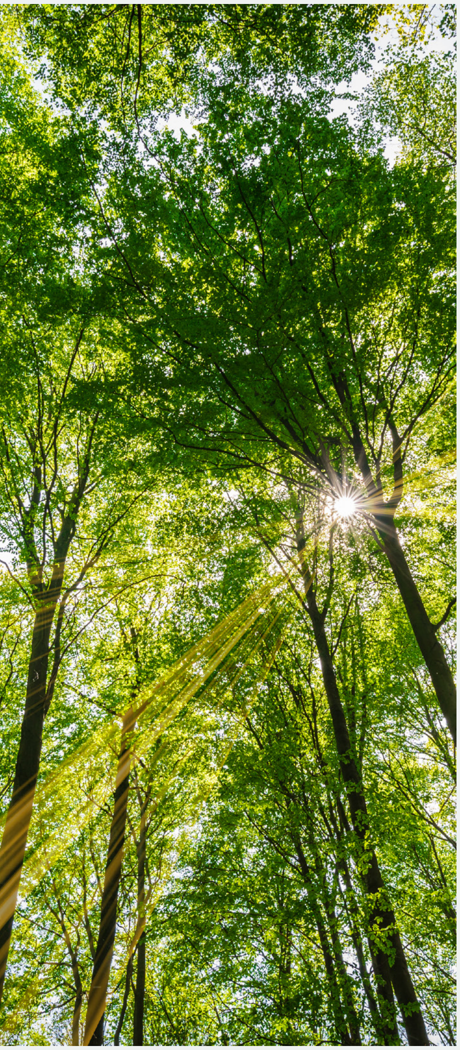
The authors concluded that while consumers are willing to buy green products, this does not always translate into actual purchases. They also state that "…companies offering green products should not view their offering just as a unique product that presents new business opportunities, and overprice the product on the basis of it being 'green'. The reason is overpricing does hurt the buying capacity of a consumer. For example, how can an average consumer be expected to buy an herbal or green soap that is 5 times the price of an ordinary soap? Such pricing strategies make the product a 'niche product' consumable only by a section of society rather than a mass product that can be consumed by everyone. Having said that, pricing is neither the only issue, nor the only solution to the problem. This 'green thinking' should be a part of an organization's work culture and ethics. The company should want to make products that are safe for the environment and accessible to everyone. Unless this willingness is there, the authors don't see a drastic change in the way affairs are conducted."

In essence, we (the industry) are giving consumers a false choice and marginalizing healthier, cleaner products, relegating them via the price mechanism to niche status, instead of making sustainability a mainstream attribute. And this is partly why we still see so much of our work, from preferred raw materials to safer chemistry to better packaging to safer, fairer working conditions remaining at the margin. Organic cotton for instance constitutes less than 1 percent of global cotton production. Recycled polyester comprises approximately 5 percent of global polyester production.

We should definitely continue educating consumers about sustainability issues and helping them become more informed about what their products are made from and by whom and where. But let's stop waiting for consumers to tell us they "want" it or to be able to afford it. Most consumers don't want to buy products that hurt people and the environment, and many simply expect that products don't do that. Why should they have to tell brands and suppliers they don't want that?

So, let's get to the hard the work of knuckling down and doing this, owning it and making the investments across the board with all stakeholders to take sustainability to scale. We can't pilot project our way to scale, especially in anything close to the 2030 time-horizon of the Sustainable Development Goals.

1. https://www.sciencedirect.com/journal/international-strategic-management-review/vol/3/issue/1



There are many viable, commercialized, market-ready solutions out there now and more coming on the market all the time. Examples include:

1) **Safer chemicals** are coming into the market rapidly. Because of increasing market demand, chemical suppliers are poised to provide safer solutions (ex: non PFC durable water repellants in textiles).

2) Increasing demand for - and delivery of - **renewable energy**. Hundreds of influential businesses are already committing to 100% renewable electricity through initiatives such as RE100.

3) **Green bonds** have been identified by many in the investment community as an effective instrument for financing the transition to a low-carbon economy, representing an opportunity to channel investment away from fossil fuel risk and into more sustainable options.

4) **Preferred cottons**, including the Better Cotton Initiative (BCI) and Organic, now represent a combined approximate 13 percent of total global consumption and are poised to grow.

5) Improved **building efficiency**. LED lighting is expected to grow to roughly 80% global market share by 2020, demonstrating the capability of the industry to quickly move from the incandescent model that was in place since lighting was invented, through fluorescents and on to LED in an incredibly short amount of time.

6) **Electric automobiles** and mobility are quickly achieving scale, in both practicality and infrastructure, with the economics following.

In many ways sustainability is simply another lens for quality. Data shows that companies that are leading on sustainability are also best-in-class in other measures of performance, including financial. So, sustainability can serve as an industry indicator – by virtue of many companies adopting at scale, it then becomes an indicator of industry health and performance.

It will take bold leadership, time-bound goal setting, and private and public financial investment, but it's simply time for industry to own and drive sustainability to scale.

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