

## Are Sustainability Champions Having a Positive Effect On Brand Value?

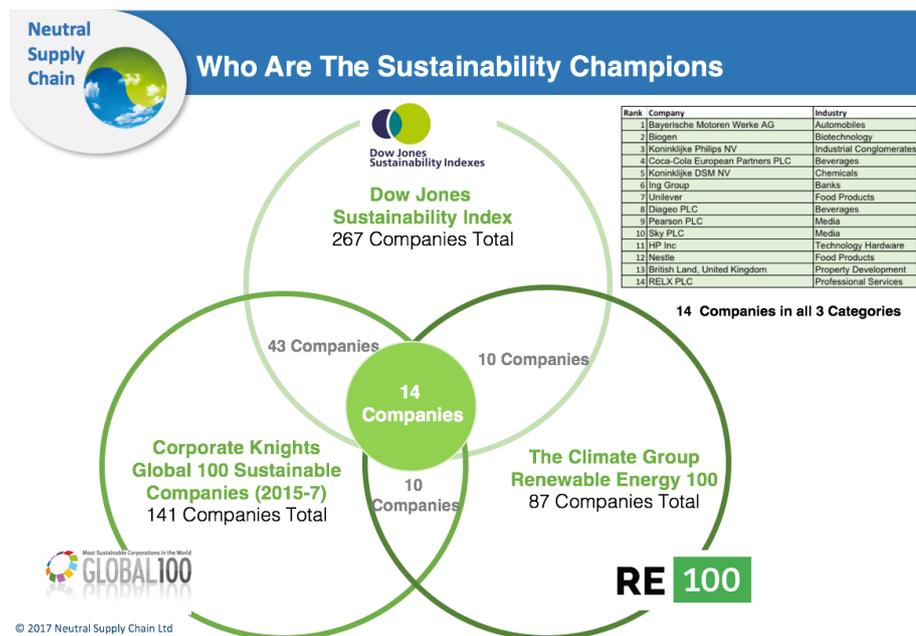
Jon Bumstead, Neutral Supply Chain

There have been two great passions I have devoted much of my working life; **Supply Chain** and **Sustainability**. Whilst there is little doubt that they both impact the Supply-Side of business, but what of their **influence on the Demand-Side**? I have seen past studies try to quantify the impact on revenue and business valuation, but do they really affect customer **decisions**? influence the price customers **pay**? and is there a connection with **Brand Value**?

During the early years of **Sustainability 1.0** (The first mainstream wave of sustainability between 2000-2015), the conclusive answer to whether customers would pay more for a “green” product/service was roundly dismissed. Consumers and business customers clearly did not want to pay a cent extra for a green solution, but when “price parity” is achieved, the green solution would generally have the advantage.

Looking back on Sustainability 1.0, I wanted to know which companies emerged as champions? and was there a **payoff that rewarded their actions in Brand Value**? I also sought a connection with sustainability champions and those that **excelled at Supply Chain**?

I wanted to see if overlaps existed between the **top 500 brands as defined by value by Forbes**, with top **supply chain companies as defined by Gartner**, with companies being recognized as sustainability leaders (**DJSI and Corporate Knights**). I knew that the connections may well be ethereal as many other factors also drive brand value, but could a broad connection be found?

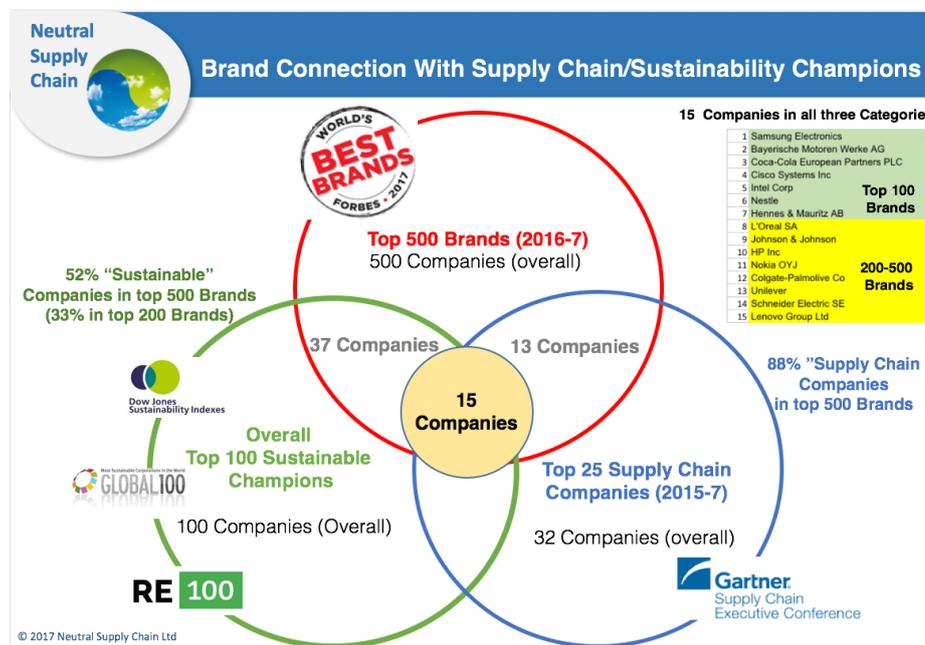


The first challenge was establishing a consistent view of who are the **sustainability champions**! I looked at the 267 Companies who had achieved Gold, Silver or Bronze status in the Dow Jones Sustainability Index, the 141 companies who had been named in the Corporate Knights top 100 companies between 2015-7 and the 87 companies who formed part of **The Climate Group’s RE 100 program** (commitment to use 100% Renewable energy). **Surprisingly only 14 companies formed part of all three of these categories**, 63 companies were in two out three categories, but the vast majority (317 companies) occupied just a single category.

An early conclusion is the three categories seek differing sustainability qualities, that in itself is not surprising, *its just how few really overlap*. What I conclude is there is real diversity in how organizations define sustainability and what they have focused their efforts on to date and perhaps may contribute to **inconsistent customer messages surrounding Brand Value**.

To get a meaningful sample, I took a composite view across the three categories and ranked the “top 100 companies” that represented a broad view of what it meant “to be a sustainability champion”. Some familiar names cropped up with some notable exceptions too (relating to published case studies). **But a good many companies emerged who had yet to build a strong public reputation in sustainability.**

The leaders in Supply Chain was taken exclusively from **Gartner’s top 25 Supply Chain companies** over the course of the last three years (2015-7). A tighter knit group of 32 companies emerged, more consistently represented year on year. These are, of course, “product” companies and tend to to be more “house-hold” names as one criteria is a peer group nomination.



**Looking at the connection with Forbes top 500 brands, 52% of the “100 sustainable champions” were represented, with 33% in the top 100 Brands.** Looking at the Gartner/Forbes overlap, there is a **much greater association with Supply Chain excellence and Brand Value, with 88% of the companies having a top Forbes 500 brand ranking.**

I pondered whether Supply Chain was making a more telling brand contribution with products becoming more and more “service-tized”. Also I thought whether the Supply Chain discipline having been practiced for longer was making a more conscious mark on brand value and whether **sustainability, a relative new comer, is yet to fully make its mark?**

More interesting, **there were 15 companies that were in all three categories**, a top 100 sustainable business, a Gartner Supply Chain master and a top 500 brand holder and of these 7 were in top 100 Brands. Was this group starting to build some brand virtues around “Supply Chain and Sustainability”?

**Sustainability has so far proven difficult to consistently define** and harder to communicate to customers in an authentic manner. However, **some broader relationships are starting to emerge with value particularly when Supply Chain is a chosen ally.**

These are of course empiric and coincidental relationships formed by comparing data sets from different sources and perhaps raises more questions and the jury is still firmly out. I am intrigued to see if there are deeper connections by studying more closely **what these 15 overlapping companies have in common and perhaps what they do differently** from the others in the sample *group?*

This set the scope for the next stage of my research, please stay tuned !..*In the meantime, I welcome any comments that would direct the research.*