

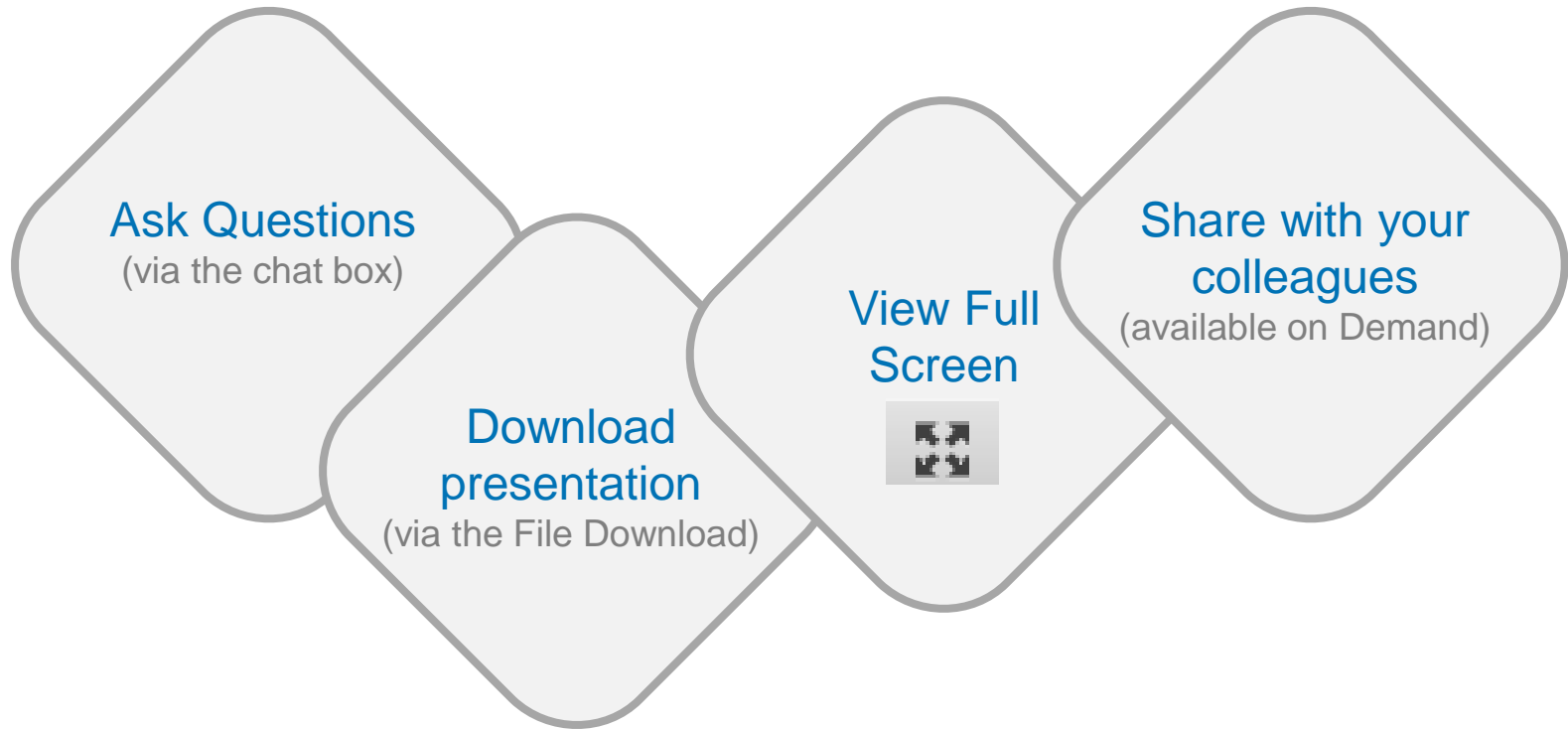


How to Build Sustainability-Based Brand Equity

THE CONFERENCE BOARD **SUSTAINABILITY WATCH**



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Panelists



Denise Dahlhoff, Ph.D.
Senior Researcher Consumer
The Conference Board



Rick Merriman
VP Consumer Insight
Walt Disney Parks & Resorts



Global Sustainability Centre
The Conference Board

Our purpose



Sustainability Centre

Support member companies to **create long-term value** and **positive impact** through **sustainability integration**

Timely, thought-provoking and relevant research

Guided by responsible standards & frameworks

Fact-based

Independent



How to Build Sustainability-Based Brand Equity

Sustainability: different things to different people

- Sustainability: mostly “eco”, secondary: socially fair
- Companies need to understand consumers’ associations & expectations
- Differentiated labels for different aspects of sustainability

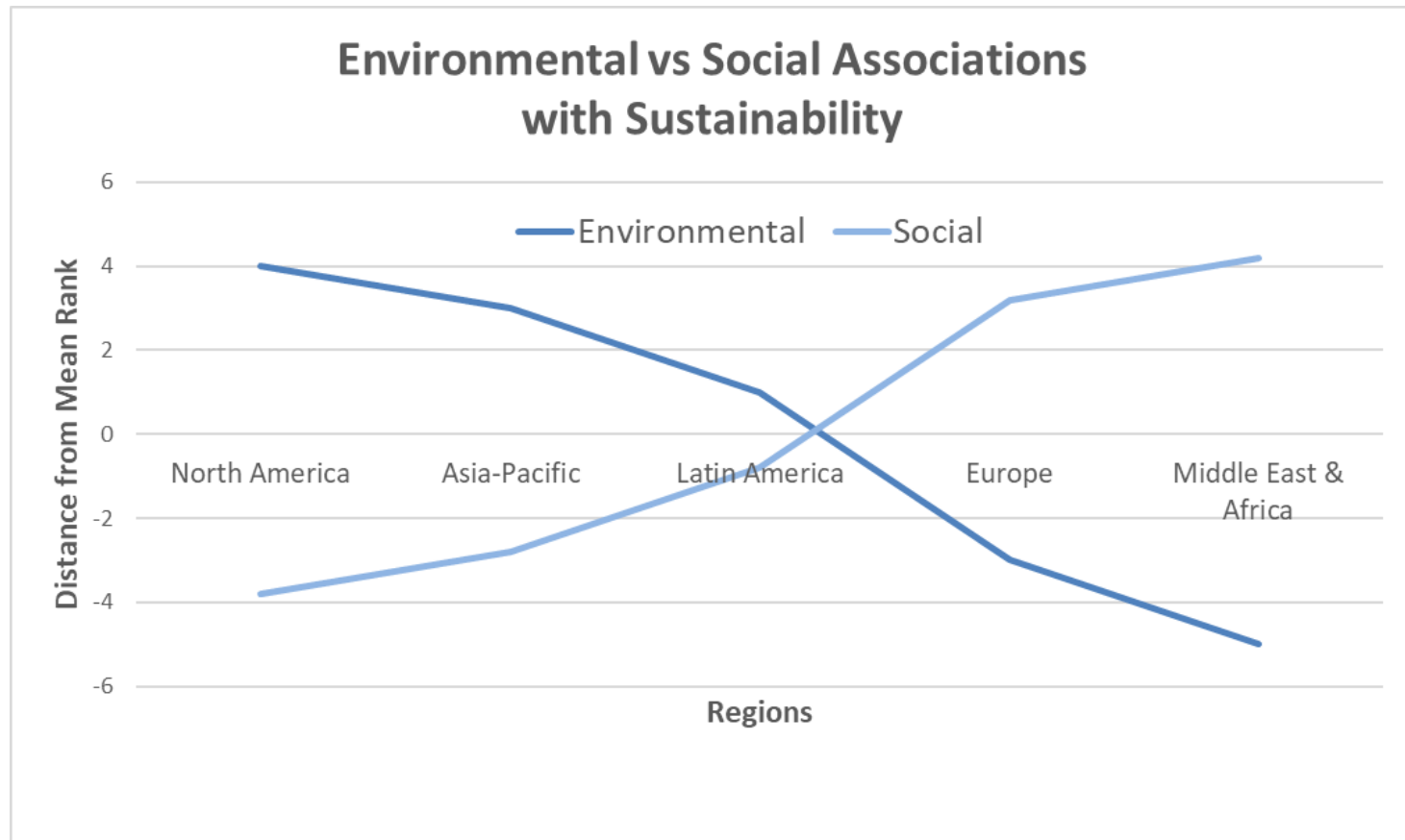
| | North America | Asia-Pacific | Europe | Latin America | Middle East & Africa | GLOBAL |
|-------------------------------------|---------------|--------------|--------|---------------|----------------------|--------|
| Environment | 2 | 1 | 2 | 3 | 4 | 1 |
| Recycling | 1 | 2 | 3 | 2 | 5 | 2 |
| Alternative Sources of Energy | 3 | 3 | 5 | 1 | 6 | 3 |
| Fair Price | 5 | 4 | 1 | 4 | 1 | 4 |
| Pollution | 6 | 5 | 6 | 7 | 2 | 5 |
| Climate Change | 4 | 6 | 7 | 6 | 8 | 6 |
| Fair Labor Conditions | 7 | 7 | 4 | 5 | 3 | 7 |
| Community Development | 10 | 8 | 8 | 8 | 7 | 8 |
| GMO (Genetically modified organism) | 8 | 9 | 9 | 10 | 10 | 9 |
| Charity/Donations | 9 | 10 | 10 | 9 | 9 | 10 |

Source: The Conference Board® Global Consumer Confidence Index Survey, Q1 2019, in collaboration with Nielsen. Methodology: rank top 3.



“Eco” vs. “social” associations

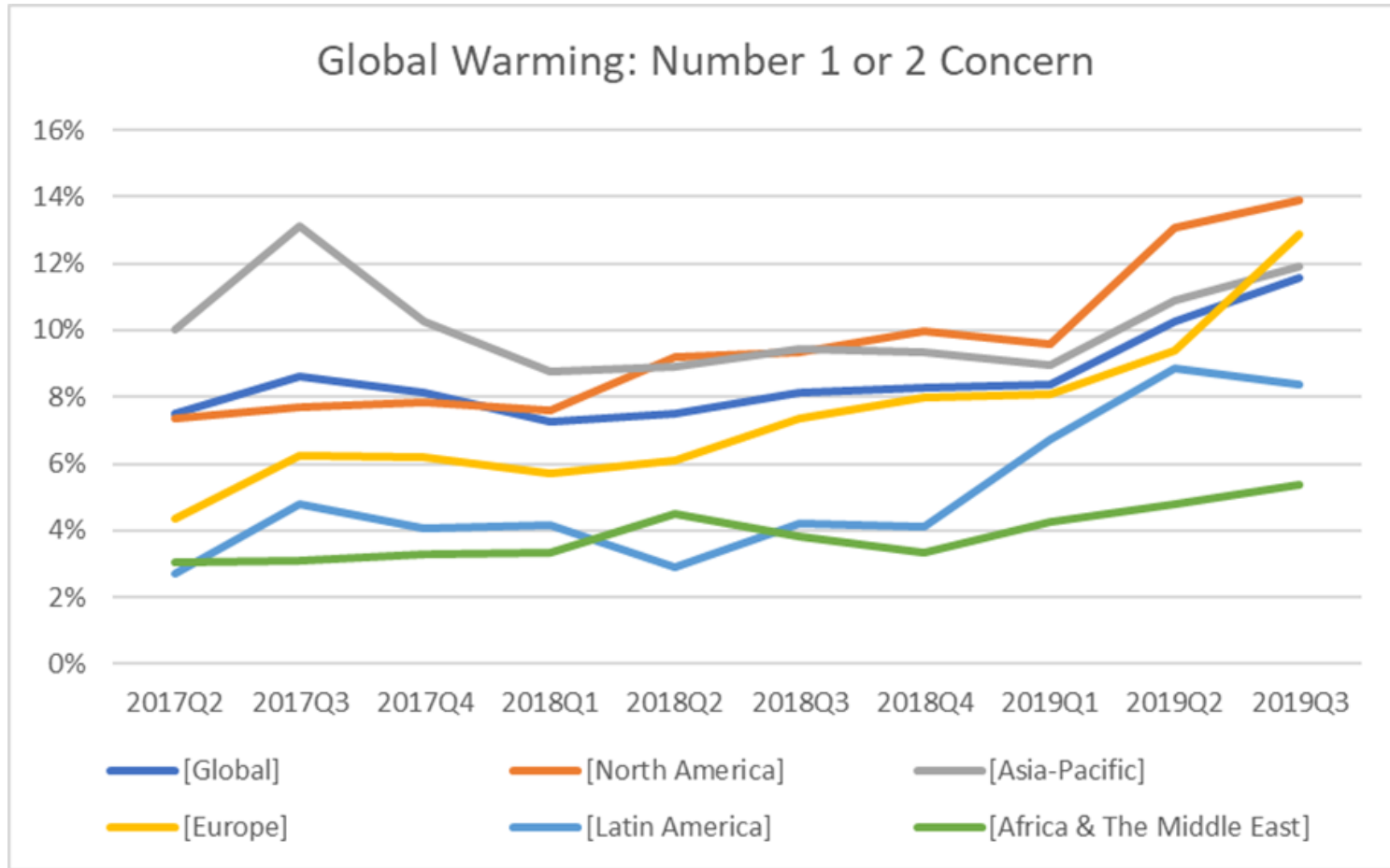
- More “socially fair” association in Middle East & Africa and Europe
- In the world’s most confident regions, “eco” association dominates



Source: The Conference Board® Global Consumer Confidence Index Survey, Q1 2019, in collaboration with Nielsen
Divergence from regions’ mean rank. > 0 = higher rank , < 0 = lower rank



Increase in “global warming” concern



Source: The Conference Board® Global Consumer Confidence Index Survey, conducted in collaboration with Nielsen



How consumers' view policy makers' and businesses' efforts on sustainability



Consumers' expectations for sustainability efforts

- Governments expected to be most engaged; United Nations in third place
- Industrial sectors high on consumers' list of expectations
- Service sectors that do and communicate much about sustainability rank lower (hotels, apparel, retail, restaurants)—relative to industrial sectors
- Regional differences, e.g., North America: utilities and United Nations, pharma

| | | North America | Asia- Pacific | Europe | Latin America | Africa & The Middle East | GLOBAL |
|-----------------------|--|------------------|------------------|--------|------------------|-----------------------------------|--------|
| Policy makers | Government | 1 | 1 | 1 | 1 | 1 | 1 |
| | Technology | 3 | 2 | 4 | 3 | 2 | 2 |
| | United Nations (and similar organizations) | 6 | 3 | 5 | 5 | 4 | 3 |
| Industrial sectors | Food manufacturers | 4 | 4 | 2 | 2 | 7 | 4 |
| | Auto makers | 5 | 5 | 3 | 4 | 5 | 5 |
| | Pharmaceuticals | 10 | 6 | 6 | 7 | 3 | 6 |
| | Utility providers | 2 | 7 | 7 | 11 | 8 | 7 |
| | Home builders | 8 | 8 | 10 | 6 | 9 | 8 |
| | Home appliance makers | 11 | 9 | 9 | 8 | 12 | 9 |
| | Airlines | 7 | 12 | 8 | 10 | 6 | 10 |
| Service sectors | Clothing manufacturers | 12 | 11 | 11 | 9 | 11 | 11 |
| | Restaurants | 9 | 10 | 14 | 12 | 13 | 12 |
| | Financial institutions | 14 | 13 | 12 | 13 | 10 | 13 |
| | Hotels | 15 | 14 | 15 | 14 | 14 | 14 |
| | Retailers | 13 | 15 | 13 | 15 | 15 | 15 |

Source: The Conference Board® Global Consumer Confidence Index Survey, Q1 2019, in collaboration with Nielsen. Methodology: select all that apply.



Consumers' perceived performance on sustainability

- Technology and United Nations score highest on perceived performance
- Consumer-facing sectors, often with lots of sustainability initiatives (hotels, clothing manufacturers, etc.), rank lower

| | North America | Asia- Pacific | Europe | Latin America | Middle East & Africa | GLOBAL |
|---|------------------|------------------|--------|------------------|----------------------------|--------|
| Technology | 2 | 1 | 2 | 2 | 1 | 1 |
| United Nations (and similar organizations) | 4 | 2 | 1 | 1 | 2 | 2 |
| Government | 5 | 3 | 3 | 4 | 3 | 3 |
| Food manufacturers | 3 | 5 | 4 | 3 | 10 | 4 |
| Utility providers | 1 | 4 | 5 | 6 | 8 | 5 |
| Auto makers | 6 | 7 | 6 | 5 | 6 | 6 |
| Financial institutions | 14 | 6 | 11 | 12 | 5 | 7 |
| Pharmaceuticals | 15 | 8 | 8 | 9 | 4 | 8 |
| Home appliance makers | 10 | 10 | 7 | 7 | 11 | 9 |
| Airlines | 13 | 9 | 13 | 15 | 7 | 10 |
| Home builders | 7 | 11 | 9 | 13 | 12 | 11 |
| Restaurants | 8 | 12 | 14 | 8 | 13 | 12 |
| Retailers | 9 | 15 | 10 | 11 | 15 | 13 |
| Clothing manufacturers | 12 | 13 | 12 | 14 | 14 | 14 |
| Hotels | 11 | 14 | 15 | 10 | 9 | 15 |

Source: The Conference Board® Global Consumer Confidence Index Survey, Q1 2019, in collaboration with Nielsen. Methodology: rank top 5.



Over- and under-deliverers – in consumers' view

- Ranking lower than expected: governments, food, car makers, pharma, airlines, home builders, clothing manufacturers
- Technology, United Nations, utilities, service businesses exceed expectations

| | North America | Asia- Pacific | Europe | Latin America | Africa & The Middle East |
|--|------------------|------------------|--------|------------------|-----------------------------------|
| Technology | 1 | 1 | 2 | 1 | 1 |
| United Nations (and other similar organizations) | 2 | 1 | 4 | 4 | 2 |
| Government | -4 | -2 | -2 | -3 | -2 |
| Food manufacturers | 1 | -1 | -2 | -1 | -3 |
| Utility providers | 1 | 3 | 2 | 5 | 0 |
| Auto makers | -1 | -2 | -3 | -1 | -1 |
| Financial institutions | 0 | 7 | 1 | 1 | 5 |
| Pharmaceuticals | -5 | -2 | -2 | -2 | -1 |
| Home appliance makers | 1 | -1 | 2 | 1 | 1 |
| Airlines | -6 | 3 | -5 | -5 | -1 |
| Home builders | 1 | -3 | 1 | -7 | -3 |
| Restaurants | 1 | -2 | 0 | 4 | 0 |
| Retailers | 4 | 0 | 3 | 4 | 0 |
| Clothing manufacturers | 0 | -2 | -1 | -5 | -3 |
| Hotels | 4 | 0 | 0 | 4 | 5 |

Source: The Conference Board® Global Consumer Confidence Index Survey, Q1 2019, in collaboration with Nielsen



Corporate Responsibility at Disney



Performance on Targets

ENVIRONMENT

- Emissions ON TRACK
- Waste ON TRACK
- Water ACHIEVED

VOLUNTEER HOURS

- VoluntEARS Hours ON TRACK

HEALTHY LIVING

- Licensed Wholesale Food Sales ON TRACK
- Global Advertising ON TRACK



“We will continue to challenge ourselves to ensure that our commitments and initiatives focus on the areas of greatest impact...”



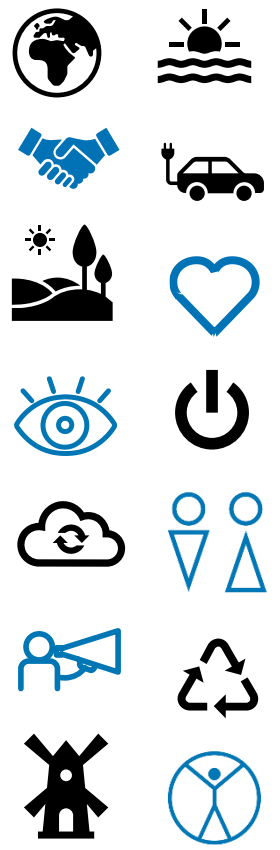
Christine McCarthy
CHRISTINE M. MCCARTHY
SENIOR EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER
THE WALT DISNEY COMPANY

Source: <https://www.thewaltdisneycompany.com/environment/>



Sustainability initiatives: innovation opportunity to create brand equity by making people feel good about their consumption choices

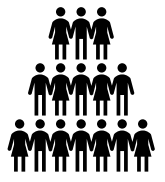
Sustainability Initiatives (Environmental & Social)



Positive Emotional Experience



- Feeling good about consumption
- Self-expression
- Emotional attachment
- Identification, belonging
- Community



Color codes:

- Corporate input and benefit
- Consumer response and action

Commitment & Advocacy



- Favorable perception, associations, beliefs
- Desirability
- Esteem
- Loyalty, commitment
- Advocacy/positive word-of-mouth
- Support



Brand Equity



- Differentiation
- Repeat purchases
- Higher willingness-to-pay
- New customers from word-of-mouth
- Market share
- Clout with distribution partners
- Brand extension potential

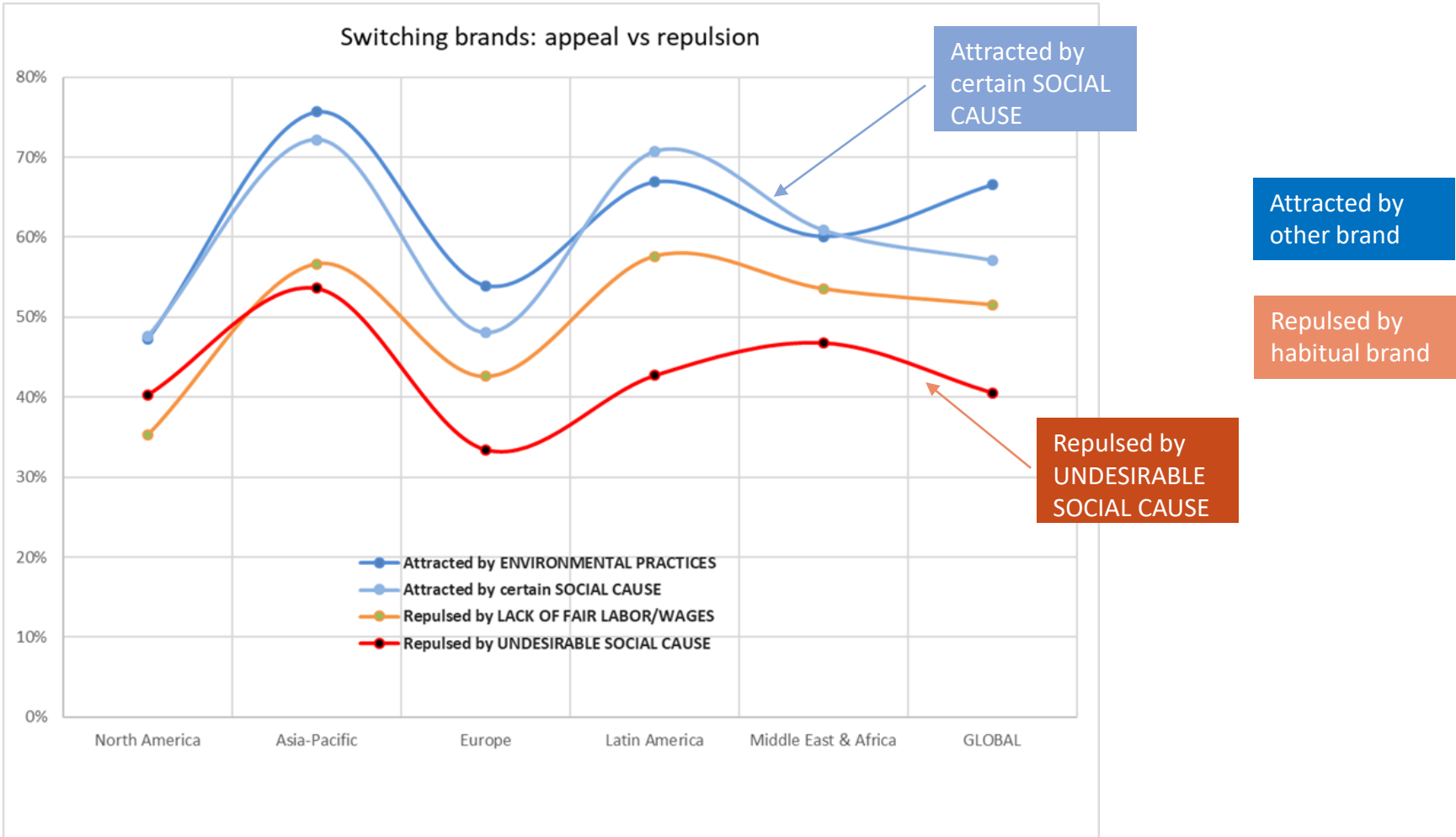


Consumers switching brands & brands' "social activism"



Brand switching: attraction more powerful than repulsion

Supporting social causes is a tightrope walk: can drive gains but also attrition



Graphs show percentage of respondents that have engaged in these behaviors.
Source: The Conference Board® Global Consumer Confidence Index Survey, Q1 2019, in collaboration with Nielsen



Biggest concerns about “brand activism”: higher prices & shouldn’t be brands’ business

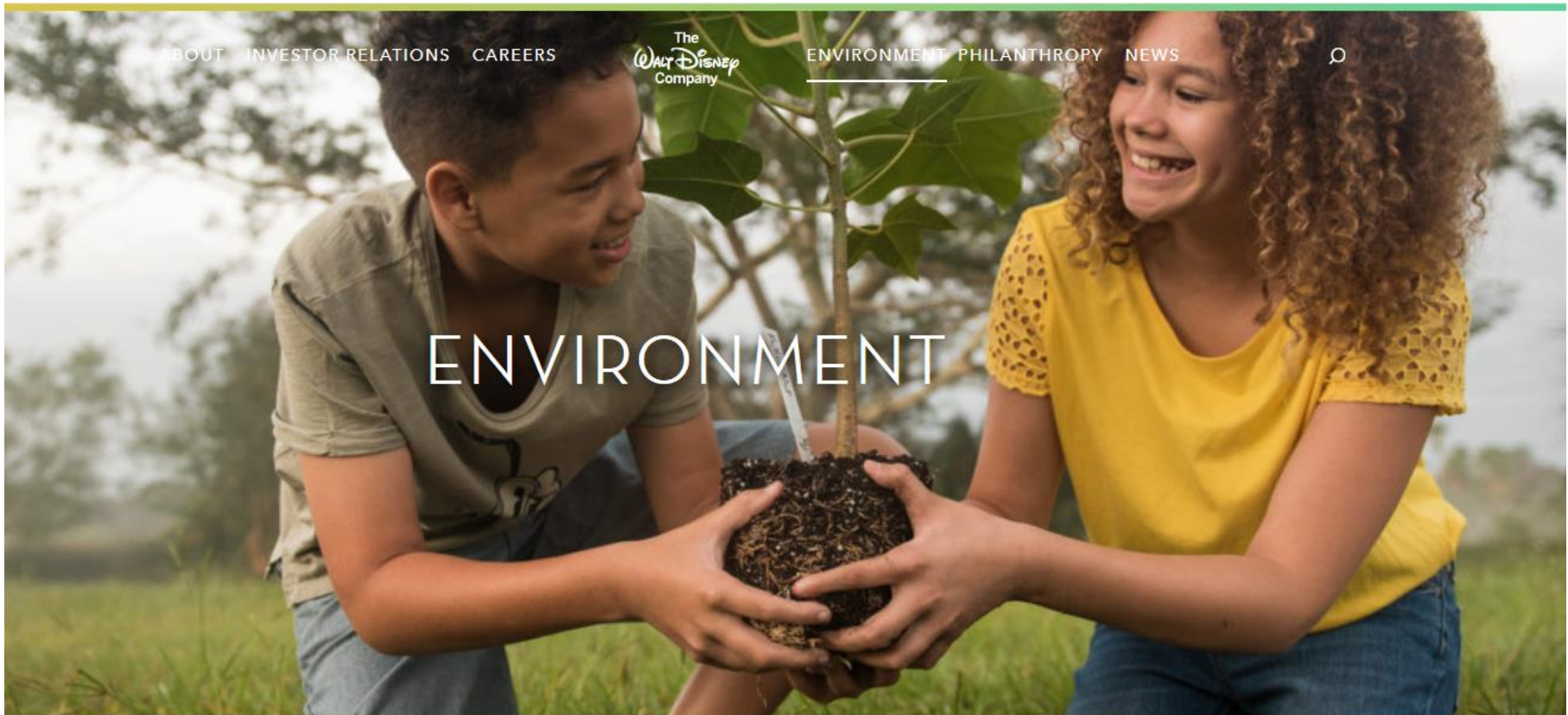
- Major share of consumers (43%) are against brands taking a strong position on a social cause—for one reason or another
- Tightrope walk to endorse social causes
- Notable differences between countries (e.g., China vs. France, Switzerland)

| | North America | Asia-Pacific | Europe | Latin America | Middle East & Africa | GLOBAL |
|--|---------------|--------------|--------|---------------|----------------------|--------|
| Not willing to pay more for a brand to support their social position | 22% | 14% | 23% | 17% | 20% | 21% |
| Not applicable | 21% | 12% | 23% | 21% | 12% | 18% |
| I do not believe brands should take social positions | 13% | 12% | 14% | 15% | 17% | 15% |
| I do not want to appear to be endorsing a brand’s social position by my purchases | 14% | 24% | 11% | 17% | 17% | 14% |
| I often disagree with the social positions brands take | 15% | 17% | 12% | 13% | 15% | 14% |
| Not willing to sacrifice performance to support their social position | 10% | 16% | 9% | 8% | 11% | 9% |
| Other | 7% | 5% | 8% | 11% | 8% | 8% |

Source: The Conference Board® Global Consumer Confidence Index Survey, Q1 2019, in collaboration with Nielsen. Methodology: select top choice.



Corporate Responsibility at Disney



ENVIRONMENT

A COMMITMENT TO THE PLANET

At Disney, our commitment to environmental stewardship focuses on using resources wisely as we operate and grow our business. We also provide philanthropic grants and expertise to save wildlife, inspire action, and protect the planet.



Discussion

Upcoming webcast

Supply Chain Transformation: The Loop from Physical to Digital
Thursday, 27th November

03:00 PM CET (Brussels) | 09:00 AM ET (New York)

Unpacking China's Waste Plastics Ban Implications for Business
Thursday, 19th December

03:00 PM CET (Brussels) | 09:00 AM ET (New York)

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conference-board.org/centers/sustainability





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