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PRESS RELEASE

New research shows that despite the economic recession, consumers still place considerable value on sustainability

Havas Media unveils Sustainable Futures 09, a research based framework that allows companies to measure, track and connect sustainability to brand value

In one of the first indicators since the global economic downturn, Sustainable Futures 09, Havas Media's new research and measurement framework, reveals that even during these challenging economic times, consumers are not losing sight of the importance of sustainability. 48 percent of consumers still express a willingness to pay a ten percent premium for goods or services produced in an environmentally and socially responsible way. Yet with 64 percent viewing companies' communications in this area as a "marketing tool", this lack of perceived authenticity means that many companies are losing out on these potential benefits.

With this in mind, it is no surprise that many companies are striving to leverage, measure and track this increasingly important communications challenge. With more and more attention and funds deployed into sustainable practices, this lack of connection between what companies are doing and how they are perceived, threatens to weaken relationships between brands and consumers. Sustainable Futures 09 is a first to market framework to help companies examine all of their activities around sustainability in a holistic way (e.g. CSR, product development, marketing and communications) and assess which of these is resonating with consumers. It is a crucial diagnostic tool that allows brands to capitalise on opportunities that translate sustainability endeavours into sustainable brand value.

As part of its Sustainable Futures 09 framework, Havas Media also unveiled today the Sustainability Futures Quotient (SFQ), a proprietary cross-sector measurement tool that can track and compare companies' performances in this area over time. By valuing the perceived sustainability efforts of some of the world's largest brands, the SFQ is able to assess the contribution these performances make to brand value.

The Food and FMCG sectors overall registered more brands with high SFQs than any other sector. Brands such as Danone registered high SFQs in all markets as did Nestlé, Unilever and Procter & Gamble. In other sectors, EDF had the highest SFQ in France. Brands such as Marks & Spencer and Tesco also had high SFQs in the UK. High SFQs were also recorded by Bimbo in Mexico and Kmart in the US. Contrary to

the norm a bank – China Merchants Bank – had the highest SFQ in China. A high SFQ demonstrates that the firm has embedded sustainability across a range of business processes, and is very effective in communicating this through a sustained, authentic narrative. This is the product of understanding the interdependencies between corporate, marketing and sustainability strategies.

As well as looking at specific brands, Sustainable Futures 09 also gauges consumer sentiment at a sector level. Predictably, automotive and oil/petroleum companies are perceived to be causing widespread environmental and social damage. What is surprising however are the high levels recorded for the FMCG, cleaning/personal care and beauty sector with respect to its perceived damage across both social and environmental issues.

For some sectors, the research opens up clear opportunities for progress. Despite widespread media coverage concerning the car industry and its environmental credentials the vast majority of consumers do not consider environmental issues to be hugely relevant when considering the brand. This means that there is significant scope for car companies to improve brand value by communicating more in this area.

Poor environmental performance therefore is not (yet) causing a negative impact on brand value for most manufacturers.

Overall, the food sector (followed by retailers and telecoms) is seen by consumers to have the lowest negative impact on the environment and society, and to be the most progressive in terms of initiatives to offset any undesirable impact. This reflects the work that the food industry has done in terms of translating the sustainability debate directly to the consumer, with activities such as organic product ranges. These brands have successfully made the debate relevant to both the sector and the consumer.

It should be mentioned, however, that the majority of sectors are currently failing to deliver a comprehensive ‘sustainable deal’ to consumers.

Guy Champniss, Director of Business Insights, Havas Media Intelligence says, “The Sustainable Futures 09 framework is a huge step forward in allowing us to help progressive and forward-looking brands manage their sustainable communications more effectively. It directs brands so that they can meet and surpass consumer expectations, ensuring their endeavours in this area help build durable brand value. The SFQ in particular is key in helping companies maximise their advantage. In the long-term, this metric will be a vital tool with which to take a corporate ‘temperature check’: a healthy SFQ will indicate significant brand value is being derived from consistent and authentically communicated sustainability endeavours.”

He continues,

“This will become the long-term business case for sustainability. Where companies are building strong links between sustainability endeavours and brand promise. The result will be a more durable competitive advantage built around what is fast becoming a defining feature in consumers’ minds.”

Alfonso Rodés, CEO of Havas Media explains why it was so important for Havas Media to invest in this issue.

“We know that in the near future, there is a very powerful argument that says consumers will make purchasing decisions based more and more on environmental and social criteria. Whilst many firms may be currently citing the price premium argument as a reason to pursue a sustainability strategy, we feel this is potentially short-sighted. Sustainable Futures 09 demonstrates just how aspirational and positive sustainability is perceived. Yet despite this we can see that there is still a strong need for brands to open up a clear, consistent and credible dialogue with consumers in this area. These coming years will be challenging for all of us, and learning to speak to consumers in a more authentic and inclusive way, will be a key distinction between those brands who survive in the long-term and those who don’t.”

Other top line research from Sustainable Futures 09 includes:

The research spoke to more than 20,000 active consumers in ten markets and spanned more than 50 brands across eight sectors. The fieldwork was completed in January 2009.

- Even in such challenging times almost half (48 percent) would pay 10 percent more for sustainable goods. Yet a clear lack of trust from consumers to brands was highlighted with 64 percent viewing sustainability as a “marketing tool”. This perceived lack of authenticity may explain in part the continued disconnect between consumer intent and behaviour when it comes to purchasing responsible goods and services, i.e. it is not a case of consumers being fickle, but rather a case of businesses being perceived as unauthentic
- 70 percent believe the responsibility for finding solutions to the sustainability challenge lies with business, with only 30 percent looking towards governments to take the lead. A clear mandate for brands to move on this issue
- Consumers are increasingly active towards companies on this topic, with more claiming to reward than punish. 80 percent claim to reward companies (vs. 72 percent who would punish) for working hard in this area. This indicates a potential shift away from the blame culture towards one of greater optimism

and encouragement, moving dialogue away from culpability towards responsibility

- Nearly 75 percent of consumers believe they can actively influence brands and companies to make them behave more responsibly
- When it comes to business and sustainability, consumers are still placing considerable importance on a company's efforts in this area. More than 80% of consumers claim to respect companies that are being responsible. A similar proportion of consumers (80%) feel companies should be actively involved in this area and accept that they themselves need to adapt and change their lifestyles to combat current issues. Consumers are sending a clear message to business: you should use your scale and expertise to not only effect change, but help us effect change too
- A pre-requisite of any dialogue, however, is a clear understanding of the concept of sustainability. Nearly 90 percent of all consumers are familiar with the term, with 50 percent claiming to hear the term often. Awareness is highest amongst emerging markets, with 89 percent of Chinese consumers hearing the term often. This contrasts sharply with the US where consumers are least aware of the term, with only 21 percent claiming to hear it often. This is an extremely large gap between two of the most significant economies in their potential impact on sustainability
- Less than 30 percent associate sustainability with high prices, sacrifice, guilt and the past. It is clear that consumers regard sustainable practices and efforts as highly inspirational and a positive way forward, not just for business, but for the individual. 70 percent associate the term with balance, integrity, health, community, opportunity and the future

For further information about the research or to find out more data on general statistics, country factsheets for US, UK, Germany, France, Spain, Brazil, Mexico, India and China and further analysis on the eight sectors - Auto, Food, Retailers, Telecoms, FMCG, Banking, Oil/petroleum and Utilities, please contact suzie.warner@havasmedia.com or visit www.havasmedia.com

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Havas Media is the global media network of Havas.

Havas Media represents one of the world's fastest growing media networks and its agencies have grown from 10 markets in 1999 to 101 markets in 2009.

Havas Media services its clients through a portfolio of specialist global networks and agencies. This group is organised to maximise local market dynamics whilst leveraging the extensive global insight and strategic support within Havas Media. The range of companies within Havas Media include: MPG (Havas Media's global media network), Arena (Havas Media's network for tailor-made communication services), Havas Digital (Havas Media's global interactive network) and Havas Sports & Entertainment (Havas Media's global sports and entertainment communication and brand integration network).

Further information can be found at www.havasmedia.com

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