FUTURES OF
SUSTAINABLE CONSUMPTION DEVELOPMENT:

EAST ASIA PERSPECTIVES

Designing Sustainable Brand Strategies and its Relationship to Consumer Loyalty through the lens of SME.

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CONTENT

PRELUDE

The topic came to me when I was doing research for the previous assignment on recycling beverage cartons in Asia. Talking to people and doing background research made me question why there are countries with 99% recycling rate, yet it is so difficult for us to even attempt the first step into adopting a sustainable lifestyle in Asia. Talking to the interviewees had me realise that they define sustainability in a very different way than the textbook definition of sustainability. To them, it was only about the landfill being full soon that is why we need to recycle or regulation suggests we should recycle. The idea of 'buy less' and 'reuse' is absent when faced with decisions to be convenient. This was the beginning of why I would like to explore the mindset and reasoning behind the consumption behaviour of the East Asian market.

Through this thesis, I hope to understand more on how to attract East Asians to adopt a sustainable consumption behaviour. Cracking the code on their reasoning and motivation behind their decisions. As someone who worked in a start-up before and see the struggles the managers and the employees have to face daily, I hope this thesis can visualize application of sustainable strategies' benefits to create a harmonious and efficient workplace environment while bringing sustainability to the society and environment around us. Achieving sustainability for both the businesses and the consumers.

INTRODUCTION

Sustainability is a topic that has been around for decades but is becoming a topic with urgency beginning from the 21st century. The threats of climate change and global warming can be seen and felt through the increasing temperature to the rapid melting of glaciers, putting attention on the severity of the issue at hand. With the increase of life expectancy and the rapid global development resulted in economic growth and overpopulation. On the other hand, resources are limited and humans are overexploiting nature to satisfy their needs. Governing bodies and corporations who are leading the people and holding a major influence are demanded to turn their attention to the matters by laying down regulations, following Sustainable Development Goals guidelines provided by the United Nation and setting ecolabels, in hope to limit the negative impact of man-made obstacles on the future generations.

Globally, the Paris Accord has around 200 countries joining to control global warming to 1.5°C, with more than 127 countries banning and restricting the use of plastic bags. Even for Asian countries who have not been the pioneers, stepped up to join the sustainable development movement. From China announcing restrictions to prevent food and cosmetics overpackaging from 2023 to both Japan and South Korea's commitment to achieve the carbon neutral deadline in 2050 (Lightowler, Mattios, Yang, & Zehner, 2022).

Although there is more consciousness on sustainable education and application of measurements, the exposure of knowledge might vary between countries. Fast-growing markets in Asia who are newly introduced to the concept of

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SMES CONSTRUCT 90% OF THE WORLD'S BUSINESSES AND COVER MORE THAN 50% JOB POSITIONS WORLDWIDE. AN IMPORTANT PLAYER OF THE GLOBAL ECONOMY AND A MAJOR FACTOR TO INTEGRATE SUSTAINABLE ATTRIBUTES TO ALL INDIVIDUALS.

sustainability might have an audience who received inconsistent information on environmental knowledge. A study was conducted to understand Asia Pacific consumer's knowledge on sustainability issues and about 70% of 16000 respondents were unable to answer correctly on questions like whether single-use plastic or single-use glass has a lower carbon footprint, regardless of their education level. With all of the contradicting information received, consumers have to put their trust in business on providing guidance. Yet, the ever increasing pollution levels resulting from big corporation productions and the enlarging wealth gap within the population have caused distrust and questioning towards this capitalistic system and the businesses that sprout from it (Philippine, 2020). Therefore, a stricter and higher set of brand expectations encouraged businesses to incorporate sustainable strategy throughout their brand internal and external structure. Creating opportunities to fill in the say-do gap of sustainable consumption (inconsistent attitude on belief and actual consumption) especially for young markets in Asia who are struggling to adopt the lifestyle because of uncertainty and confusion (Grubor & Milovanov, 2017). Sustainability became a crucial strategy that can differentiate a brand in a market full of competitors.

For the whole market to evolve and create a better future together, it is not only the responsibility of the multinational corporations but it is also important for the small and medium enterprises (SMEs) to transform on a global scale. Yet, a common problem for SMEs is struggling with sustaining or expanding their business with limited resources or connection. They understood the necessity of constructing sustainable strategies but do not believe they have the commitment or resource available to allocate for such ambition. They admit their lack of progress in catching up with this ideology but they are unclear on how to proceed ahead (Lightowler, Mattios, Yang, & Zehner, 2022). SMEs likely have high constraints on their capabilities to conduct in depth

research into the mindset of sustainable shoppers and likely have a less strategic and formal approach (Morris, 2022). Therefore, failing to find confidence and commitment to design new strategic measurements or scalable solutions for their businesses. Some SMEs who adopted corporate social responsibility measurements were seen to have low communication efforts compared to larger firms. Lee-Wong and other scholars believe it could be the fear of being criticized, lacking skills or lacking endorsements from stakeholders (Morris, 2022).

Nevertheless, Bikefe et al.'s research has shown that SMEs' who were able to implement corporate social responsibility (CSR) can have strategic benefits, if aligned with core business strategy (Morris, 2022). Designing sustainable strategies to engage multiple stakeholders on working towards a common goal can influence the acceptability of a brand action. Brands and consumers are interdependent, where consumers are the judgment and direction of the brand's success, vice versa, brands influence consumer's behaviour and their self-expression through brands they use (Grubor & Milovanov, 2017). Moreover, SMEs are likely to form tight-knitted communities that can influence those around them through their brands' decisions and become the trustworthy educators of their audience, impacting the world through the small power of many.

It is through eloquent brand strategy design that companies can achieve the most efficient interaction with their customers, which retain loyal consumers. They become the driving force of the brands and pass the message on to further audiences. Advocating the sustainable consumption philosophy of brands they agree with and bringing this belief into the mainstream. Schultz and Block identified this idea as a sustainable brand growth or rising in brand value through referral which in turn became widespread brand loyalty. The adaptation of sustainable strategies can influence the most

important stakeholders; consumers, businesses and the society while balancing the interest of each stakeholder to ensure a better tomorrow for the future generation (Grubor & Milovanov, 2017). Sustainability has also become an increasingly vital factor to consider for investors; 78% of the investors worldwide placing more concern on Environmental, Social, and Corporate governance criteria (ESG), which evaluates corporation approaches against social goals, now more than ever and 65% estimate ESG is becoming the standard system before 2027 (Lightowler, Mattios, Yang, & Zehner, 2022).

Hence, the clear urgency for SMEs to design sustainable brand strategies that uphold the business' core values and become the leaders especially in emerging markets from East Asia who have been rapidly gaining momentum in laying down the foundation for a sustainable future. SMEs have their very own personality and business culture that is more than just a "little big firm" that Tilley quoted in 2000. The standard researches found are mostly based on multinational corporations that have significantly different approaches on how to reach decisions, resource allocation and develop business structure— all are components that significantly impact approach on how to design strategies (Morris, 2022). Therefore, this report will be covering relevant information and studies on the relationship between designing sustainable brand strategies that are suitable for SMEs to adopt and the sustainable consumption habits of East Asia consumers. To shed some insight to the general public of these collectivistic consumers and becoming the knowledge provider in a market with limited comprehension of sustainability while in turn generating loyalty and awareness for the brand. Exploring through what is known and comparing the logic to existing examples to understand the direction to success and what to avoid.

CHALLENGES CAN
CREATE OPPORTUNITIES.

Social ◆ Environmental ◆ Economic

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BACKGROUND

Commonly, people have been using the word "sustainable" interchangeably with the concept of "green" or "environmentally conscious" ideas (Grubor & Milovanov, 2017). It is automatically assumed that if something is sustainable, it is beneficial to the environment. However, the concept of sustainability is beyond just "green".

In its primal definition, sustainability is the capability in maintaining or supporting a continuous action through time. For formal context like economy or politics, sustainability is the goal to avoid exhausting natural or physical resources for them to be readily available in the long term. Sustainability covers the three areas: economic (profit), environmental (planet), and social (people). With economics focusing on conserving the natural resources fuels production like renewable and exhaustible resources. Environmental area covers the life support systems, affecting the ecosystem and nature where life occurs. While social focuses on the human of the system, for example, human rights and basic human survival needs (Mollenkamp, 2022).

An important transition that brought the idea to light is the founding of the World Commission on Environment and Development by the United Nations (UN) in 1983. They study the connection between the three areas mentioned and created the standard in defining sustainable development which is followed by many countries and businesses. The United Nations narrates sustainable development as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." (Mollenkamp, 2022).

WHAT IS SUSTNABILITY?

BRAND SUSTAINABILITY

In branding, sustainability is embedded as the "incorporation of environmental, health, and social value into the company's core business with no trade-offs in price or quality" according to Lazlo and Zhexembayeva (Morris, 2022). It is not possible to be condense into a single formula as scholar Gabriela Alvarez stated, "sustainability is not a one-for-all model. It is about collaborating, learning, creating, implementing, assessing and constantly evolving." (Grubor & Milovanov, 2017).

Sustainability should be applicable throughout the system to fabricate comprehensive approaches of a sustainable ideology, a value that is relevant to all stakeholders as a "common language, trust and shared vision" as stated by Grubor and Milovanov. To integrate sustainability in a brand, it requires specific skill sets that fluently communicate with transparency and accuracy on business activities. Through feasible application (justifiable by company's logistic and profitability) according to market trends for the authentic needs requested by the economic, environmental and social concerns, rather than being forced to comply through competitors' actions. Brand is described as the combination of perceived functional and emotional attributes by the customers as an "additional value, unique experience and fulfilled promise". For business, sustainability is the "core strategic resource and most powerful invaluable asset" and can be used as a strategy to uphold the company's past, present and future development (Grubor & Milovanov, 2017).

Consumers now demand more than materialistic needs and request access to external benefits that the company can offer. Sustainability, as a strategy, is the stance that companies take to do "the right thing" for a greater purpose. From the study of Grubor and Milovanov, they have listed three criteria for a successful sustainable brand that gather satisfied consumer who are loyal (Grubor & Milovanov, 2017):
- Companies showing responsibility for nature can directly and indirectly improve their strategic and

economic objectives by knowing the interdependent relationship of them and the society.

● Consumers are drawn to trustworthy brands that stand out, are creative, appeal to their emotions, or represent "something intelligent or interesting" about the consumer. Following and identifying with their preferred brand's values, messages and recommendations.

● Sustainable brands that are true to their values and cultures, will have a significant impact in bringing change to the society and the environmental crisis. Improving brand perception and marketing performance.

Consumers are the main force behind the sustainability movement, which add on to the considerations needed to be taken into account–the social, economic and governance challenges. Asian consumers are a big percentage of consumption world wide and with the rapid development of East Asian countries, they became a major deciding factor on the impact of sustainable consumption. From rapid economic development and with lower-order needs satisfied (all basic needs and education), self-actualization is pursued and one will reflect their individual actions on environmental and social impact. ESG terms searches witnessed an increase of more than 20 times in South Korea and over 30 times in Indonesia in the past five years, showing the extended critical consideration by consumers (Lightowler, Mattios, Yang, & Zehner, 2022).

To better apply sustainable strategies for the company, it is necessary to understand the preference of East Asians on sustainable consumption. Bain & Company did an extensive research with over 16,000 participants across 11 countries and 7 consumer products categories to collect insight for Asia Pacific consumers. For the context of this report, the focus will be on the East Asian countries, mainly China, Japan, and South Korea.

SUSTAINABLE CONSUMPTION IN EAST ASIA

EAST ASIA

Asia-Pacific countries voiced their desire for sustainable consumption, while placing health-relation in the highest rank for purchasing decisions but placing relatively less concern about social matters than European countries. This phenomenon occurred likely due to experiencing first-hand, the impact of environmental threats, in a fast-growing environment. For example, the average PM 2.5 pollution level is significantly higher in China and India than matured markets. Even within Asia-Pacific, fast-growing markets (ie. China, Vietnam) have a larger environmental, social and health-concern segments than mature markets (ie. Japan, South Korea) (Lightowler, Mattios, Yang, & Zehner, 2022).

East Asia consists of countries from collectivistic societies, resulting in these countries sharing similar mindset and traits between one another. Members of a collectivistic society favour communal motives and are likely to have interdependent self-schemas. They prioritize harmony of the community and avoid acting out of social norms; motivated to be receptive to others and restraining their inner needs (Thomas & Peterson, 2017). Potentially, one of the reasons for

the relatively less concern on social issues currently. Hugely influenced by the perception of normal in their circle; Japanese, South Korean and Chinese consumers act according to what is approved and accepted by perceiving social pressures. For example, the idea of 'face' (Miànzi) in China, can be a social consumption motivation, to showcase their participation (of a belief they shared in the community) in eco-friendly practices to their in-group members. The harmonious-oriented society also hints the importance of relationships between members of the community.

Although aware of sustainability concerns, knowledge of sustainable consumption differs between fast-growing and mature markets. Lim et al. 's (2019) research discovered consumers have recognized sustainable consumption awareness in Japan and South Korea (for example, bringing their reusable bags or separate recyclable waste) and environmental knowledge was not the major factor affecting their purchase intention. It is likely that the adoption of sustainable thinking is not popularized as a social norm, unlike recycling which is enforced by regulation, and resulted in a lack of thorough sustainable consumption behaviour. The Council for PET Bottle Recycling recorded that Japan was able to recycle 93.5% of PET bottles throughout the country in 2014 (Lim, Arita, & Joung, 2019). On the other hand, only recently in 2019, Shanghai was the first city in China to have regulation on household waste and restriction of disposable items (Zhang, 2019). Fast-growing markets, like China, consumers showed interest but lack the fundamental knowledge of sustainability. Reflected in sustainable consumption habits in China, where the core sustainable value has not been fully integrated into the society. They turned their emphasis to 'green materialism', as consumers in China satisfy economic prosperity (consumerism) with greener credentials, which does not fully equate to a sustainable lifestyle. However, when presented with data of climate change and the impact on their society, the information was able to affect their purchase behaviour (Dermody, Koenig-Lewis, Zhao, & Hanmer-Lloyd, 2018).

Fig. 1 Percentage share of respondents that chose one of four sectors to play primary responsibility in helping consumers to shop for sustainable products

	Products/Brands	Government	Retailers	Consumers	Other
SOUTH KOREA	40%	31%	15%	14%	
JAPAN	30%	26%	19%	25%	
CHINA	26%	37%	20%	17%	
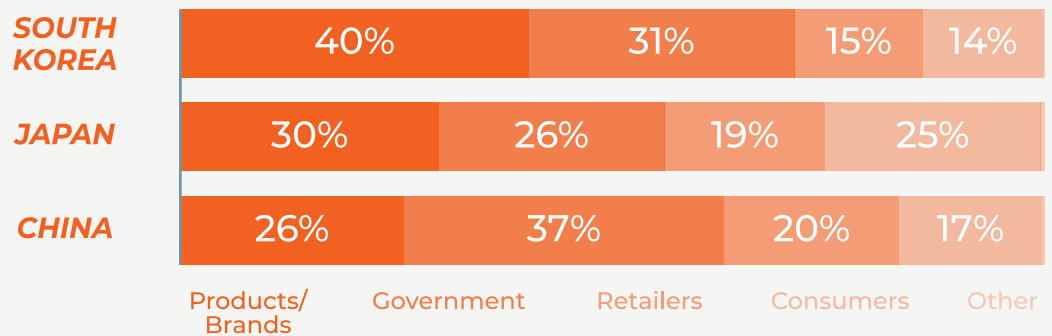
East Asia believes brands have the significant responsibility in aiding consumers to take on sustainable consumption behaviour. Although authoritative figures– governments play obvious influence, they shoulder less responsibility for the matured markets, while fast-growing markets believe government policies and education play a slightly more important role (Lightowler, Mattios, Yang, & Zehner, 2022). Possibly due to stronger collectivist characteristics to obey authority and hierarchy, while matured markets are becoming more individualistic due to increase of socio-economic development (ie. higher incomes, more education, urbanization) (Santos, Varnum, & Grossmann, 2017).

Fig. 2 Important sustainability elements to Asia-Pacific consumers, as percentages

Healthy Ingredients	China 20%	Japan, S. Korea
Natural	18%	Japan, S. Korea
Additive/Chemical free	15%	Japan / S. Korea
Organic	11%	
Symbols about Sustainability	Japan 8%	China
Cruelty Free	2%	
Diversity & Inclusion	1%	
Fair Wage	1%	

- 3% points less than APAC average
- 3% points more
- 5% points more
- APAC average
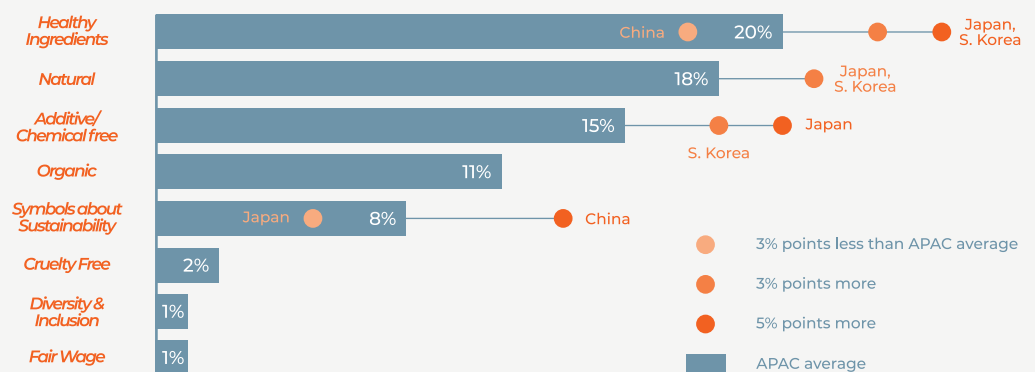
Asia-Pacific's consumers enjoy common preferences for healthy ingredients, natural and additive/chemical free sustainability elements in their purchase. Some patterns worth noting are products with symbols that show sustainable practice has a bigger impact on Chinese consumers compared to the rest of the Asia-Pacific countries because credible labels can possibly counteract their uncertainty with the lack of fundamental understanding of sustainability. While South Korea and Japan (healthy ingredients, additive/chemical free) rank elements that involve personal health related concerns higher than the rest of the countries (Lightowler, Mattios, Yang, & Zehner, 2022).

Previous studies on sustainable branding and Bain & Company's market research both found a noteworthy issue of the attitude – behaviour (say-do) gap. It has been a challenge worldwide to actually adopt sustainable practice. However, Bain & Company discovered that the behavioral gap is a bigger problem in fast-growing markets than in mature markets with a higher "say" and lower "do". While 54% rank sustainability as their top-five key purchasing consideration in China, the sustainable products only cover 12% of market share in packaged foods. In general, about 90% of the Asia Pacific respondents affirmed a positive attitude (say) to pay a premium price for positive environmental or health impact, showing an ambition for sustainable behaviour from the consumer (Lightowler, Mattios, Yang, & Zehner, 2022). Therefore, it is up to the businesses to learn the method of narrowing the say-do gap and hop on the opportunity of integrating sustainability strategy for their brand growth.

So, why do people struggle with sustainable consumption practice? East Asia governments and companies started regulating environmental impact and policies at a later stage and might have less structured practices for citizens to adopt. The people have limited proficiency to obtain palpable and concise sustainability guidelines and resorted to obtaining

information from multiple sources leaving them skeptical and confused (As shown in Fig. 3). This phenomenon is not affected by income, education levels or age; people struggle to correctly answer questions on sustainability across all categories (Lightowler, Mattios, Yang, & Zehner, 2022).

Fig. 3 Key sources include brand elements, reviews, ads, and recommendations
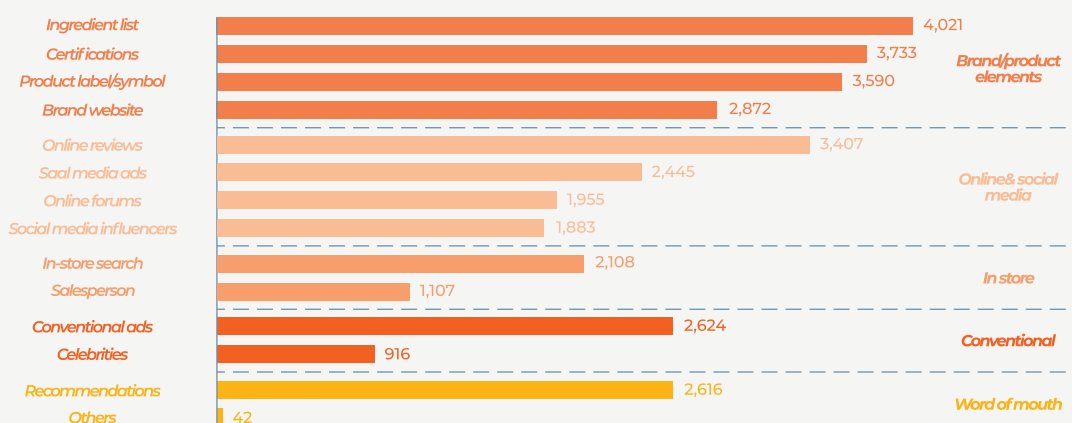
Upon purchase, consumers have worries about reliability of claims (greenwashing concern), a lack of choice in products needed, and availability. In the past two years, only recently, 45% of the self-identified environmental, social and health-conscious group have started sustainable consumption practice (Lightowler, Mattios, Yang, & Zehner, 2022).

To see the importance of designing sustainable strategy for small and medium enterprises and the application methods, the concept of SME has to be defined for a better understanding. In 1999, Spence defines some common traits of small businesses (Morris, 2022);

- 50 or less employees.
- Independent and owner-managed.
- Multi-tasking which translates to having little time for social, environmental or ethical concern that has less concern on maintaining everyday operations.
- "Firefighting" – there is only the focus of the day's issue, without having time or capacity for any long-term, strategic thinking.
- Liquidity challenged – small firms typically have limitation on cash flow for long-term strategic investments and non survival related issues like social concern.
- Corporate giving or ethical orientation is heavily influenced by personal values of the owner-manager.
- Personal relationships priorities – potential opportunities for interaction between all stakeholders (owner, employee and customers) to build trust and relationship.
- Mistrust of bureaucracy – Informal practices due to lack of critical resources to focus on follow formal regulations and standards.
- Reliance on informal systems of governance – more adaptable and flexible than larger corporations with formal governance processes. Business operations are overlooked directly by leaders and allow quick decision making.

Although there are major constraints on resources for SMEs to redesign their brand strategy to a sustainable one, the effect of sustainable strategy might be worth the efforts. Improving sustainability can lower capital costs and build a committed and loyal workforce. Strengthening partnerships and discovering more opportunities since collaborators, especially

SMALL & MEDIUM ENTERPRISE (SME)

big corporations, are always in search of presenting positive marketing strategies (Lightowler, Mattios, Yang, & Zehner, 2022).

Bain and Company revealed companies that successfully apply sustainability to their brand perform better at the stage of recommendation. Every four in five participants from the environmentally and socially conscious group have an active willingness to recommend sustainable products (Lightowler, Mattios, Yang, & Zehner, 2022). Through word of mouth (WOM) and earning loyal promoters helps spread sustainability awareness and provide positive returns and opportunities to the companies. Limiting the financial burden of paying for regular promotion or having to constantly generate new ideas to stay relevant. Studies concluded through fitting and coherent sustainable brand strategies, both the customers and the brand can receive beneficial rewards. When given educational and systematic instructions, customers can be persuaded to adopt ecological practices and learn more about environmental responsibilities in the long term (Chun, Joung, Lim, & Ko, 2021). By being sincere and authentic to the public, brands can strategically build greater trust, commitment and have efficiency and consistency with business decisions. Through the power of SMEs to deal with the attitude–behaviour gap of sustainable consumption, by building a community to educate and communicate (Grubor & Milovanov, 2017). Lastly, building a safer future for fast growing markets who are looking for a beacon light to a new lifestyle.

BRAND STRATEGY

Brand loyalty is a valuable asset for businesses, especially for SMEs. It can ensure a certain return rate of customers and build a community that looks forward to the next product debut. In this section, the components of how sustainable strategies can bring loyalty to the business will be discussed. Diving deep into elements that might affect customer's loyalty to the brand.

In a study by Zhang (2020), brand loyalty was identified to be influenced by "expressive brand relationship, brand trust, and brand love". Loyalty from customers can also be divided into two parts; Attitudinal loyalty, where the customer has the desire to purchase and recommend the brand to others disregarding the price; and behavioral loyalty, where their preference will affect willingness for future purchase.
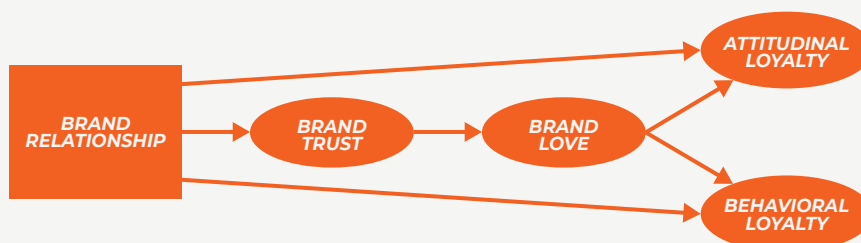
Fig. 4 Zhang (2020)'s Research framework.

The study states that exchange between the consumers and the brands can be categorized as a relationship, and can be navigated only through "personifying that relationship". The intangible values developed by brand relationships allow consumers to trust the brand and provide clear distinctions from other competing brands while avoiding imitation. In social psychology, the relationship falls into two categories: communal and exchange relationships. The communal relationship relies on emotion given by the enterprise, while the exchange relationship is based on reciprocity (Zhang et al., 2020).

Brand trust is a much discussed topic for brand loyalty with years of studies trying to discern tactics to build trust. Zhang (2020) believes that "brand trust plays an important role in long-term customer relationships" and can "reduce the uncertainty customers feel about a product". Chun et al. (2021) explained the concern for the environmental and brand trust can considerably and positively affect consumer purchase intentions. When consumers trust a brand, they tend to believe whatever advocated by the brand is "credible, effective, and reliable in performing". Identified as a mediator

or to address concerns, trust can either threaten or build the relationship between customer and brand (Chun, Joung, Lim, & Ko, 2021). The result of Kang & Hustvedt (2013) research suggested that display of transparency and honesty, held more importance than being charitable in being a trustworthy and favorable brand. Dishonesty or lacking in the truth of environmental claims will negatively affect consumer purchase intention (Chun, Joung, Lim, & Ko, 2021).

To combat this potential complication, various researches have been conducted to find methods for validation of brand's sustainable action to the consumer. Chun, Joung, Lim, & Ko (2021) and Kang & Hustvedt (2013)'s researches confirm that using a sustainable evaluation system is effective in indicating business transparency, which directly affects environmental concerns and brand trust. Consumers' perception of a firm's attempts to be transparent and socially responsible is a major mediator in securing trust and a positive brand image, which in turn increase purchase intention and spread along positive WOM. As the world develops, everything will become more connected and available within reach through online mediums (Zhang et al., 2020), there will be an increasing need to satisfy consumer perception of transparency. This can be addressed through communication strategies which is also beneficial for reciprocating and community building. Placing consumers' need for transparency as the center when making brand decisions, while being faithfully comprehensive to the responsibility to all stakeholders (including consumers). It helps businesses to effectively allocate their resources for environmentally and socially responsible actions, building trust and favorable attitudes among its audience, indirectly increasing profit and positive reputations (Kang & Hustvedt, 2013).

To design a sustainable strategy, it is vital to have every element of the organization aligned to working towards the

same value and recognizing the importance of the adaption. From the internal structures and the workforce to initiate proper support, education and application of sustainability concepts. Next, to the external factors of presenting to the public and building the communal relationship with the customers. Strong connections between the brand and their internal and external stakeholders such as employees and customers are needed to advocate a belief. Yet, the most complex part is bridging between brand performance and consumer perception. Hence, reaffirming the urgency of transparent organizational structure; from the source, production, and distribution of products and services can allow observation of credible sustainable-responsible behaviour while maintaining a stable communication between all stakeholders (Grubor & Milovanov, 2017). Transparency is still one of the most challenging parts of creating effective strategies. Many enterprises turned to indicators, such as labels and certifications, to tackle this emerging trend and prioritize social and environmental impact with financial return (Chun, Joung, Lim, & Ko, 2021) (Philippine, 2020).

Following are some examples; the 17 Sustainable Development Goals of the United Nations as "the blueprint for peace and prosperity for people and the planet, now and into the future" (Zhang et al., 2020). While Chun, Joung, Lim, & Ko (2021) based their study on The Higg Index, which is an evaluation system that appraises environmental and social

ECOLABELS

performance of apparel and footwear related establishments and brands. With the core of this report oriented towards SMEs, the B Corp certification is a green label that is worth noting. As quoted by David (2020), it is a standard developed by a nonprofit "with the aim of helping companies to become the best for the world in addition to being the best in the world." B Corp certification standards adjust according to industry and corporate size, beginning with mostly SMEs and providing recommendations for sustainability growth (Philippine, 2020). In recent years, big names like Nespresso, Aesop, Ben & Jerry's Ice Cream have also joined as part of the community. The certificate is able to achieve the previous raised guideline; (a) to align a company's mission, purpose, values or identity (b) validating and officializing sustainability commitment of a company (c) inject innovation and encourage improvement (d) building a community with B Corp members. Their method for corporations to provide some level of transparency and reassurance to consumers is through a report (B Impact Assessment) that is made public and a scoring system for all to refer to. When reevaluated, B Corp will also display past scores to let consumers know the improvement of the brand (Morris, 2022).

Through direct communication efforts to consumers and transparency, possibly supported by ecolabels, it builds consumer trust and affects loyalty and purchase intention. Enterprise can take on responsibility for not only economic growth but also as an educator for confused consumers. Informed consumers, in turn, would play a decisive role as opinion leaders for other consumers and use WOM in this social media connected world, to bring attention to sustainable consumption (Kang & Hustvedt, 2013). Big corporations have the restriction of being a formal and multi-layered governance structure to bring prompt changes, however, SMEs can use their flexibility to be a leader of a movement, a staple of the sustainable community, influencing 90% of the business market in a significant way.

People ◆ Planet ◆ Profit

Social ◆ Environmental ◆ Economic

BRAND LOYALTY

Social ◆ Environmental ◆ Economic

CASES

In this session of the report, examples of corporations who have employed sustainable brand strategies will be discussed to further understand the effect of sustainability applications on businesses with different nature. The 3 corporations selected are all certified B Corporation as to ensure the quality of sustainable strategies practiced by the firms through a validate standard. The 3 selected brands are; Patagonia, a multinational private benefit corporation who focus on apparel products; Nespresso, an operating unit of the Nestlé Group who focus on coffee machines and capsule; and lastly, Paradisi Srl, an Italian SME. To briefly explain the reasoning behind the selection is to see how the contrasting starting points and scale of corporations can potentially reflect similar results of adapting to the sustainable consumption future. The two multinational corporations represent different stages of adaptation, with Patagonia being an early adopter with sustainability as their founding philosophy and Nespresso joining in later by pressure from society. Lastly, through Paradisi Srl to see how SME design sustainable strategy on a much smaller but effective scale.

◆ *MULITNATIONAL BRANDS* ◆ *SME*

PATAGONIA

Founded: **1973**

Headquarters: **U.S.A.**

B Corp Score*: **151.4 (2016)**
*B Corp Certified: 80
*Ordinary Businesses: 50.9

Certified Since: **Dec. 2011**

Industry: **Apparel**

(Refer to appendix for detail scoring including previous years.)

Patagonia is an outdoor apparel brand established in 1973 in California, notable for delivering quality products with deep rooted commitment to pursue sustainable practices. The products are known to last long and are the immediate recommendation for outdoor adventure-related activities (Singh, Park, & Joyner Martinez, 2022). They are one of the first big name apparel brands, in an industry famous for notoriously unethical practices, to embrace the idea of product longevity through quality and repairing service.

Credit: Patagonia (Worn Wear)

Their sustainable brand strategy can be summarized as follows; by providing high-quality and long lasting products to relay authentic sustainable messages and generate long term relationships with their customers. Their 'Worn Wear' campaign encourages reuse and repairing of their products to double down on spreading the message, the direct opposite concept from the fast fashion dominant market. For all of their external communication (advertisement, social media), they have maintained a sustainability focus attitude, where advertisements are documentary related or about environmental concern rather than product oriented. This method of promotion through advocating beliefs can sustain the brand longer than just developing seasonal products (Singh, Park, & Joyner Martinez, 2022). With the amount of

devotion that is reflected throughout the brand, consumers connote the brand with the idea of sustainable lifestyle and those loyal to the brand have higher awareness of sustainable purchase behaviour. Next, an in-depth analysis of Patagonia will be complete to understand the relationship between a well-designed brand strategy and the influence on brand loyalty.

Not only does providing high-quality products generate brand trust and loyalty. Patagonia understood that the effort put into offering quality products can encourage sustainable consumption while securing a percentage of market share through differentiating themselves with sustainable branding. It also justifies the higher price tag of their products with exceptional quality and longevity to elongate the product life cycle. Several researchers believe the reuse and repair approach fabriates consumers' emotional attachment to their products and educates on the consequences of wasteful action while further strengthening a long term consumer–brand relationship (Singh, Park, & Joyner Martinez, 2022). Emotional attachment of owning the product for an extended time creates unique memories along the way, deepening connection and giving a more positive impression towards the brand. Supported by Patagonia's brand language, people are supportive and confident with the production process and the overall sustainable contribution of Patagonia, which increases dependency and reliability to the brand for educational information and building trust. In Bischoff, & Staufenberg (2021) research, emotionally attached participants feel a connection toward the sustainability thinking and vision of the brand. Stating that consumers develop a communal experience because of "the connection to sustainability, the values and mindset of the people wearing Patagonia clothes" and not only for sustainability topics but also for the outdoor activity enthusiast community.

A study by Singh, Park, & Joyner Martinez. (2022) agrees when

consumers are attached to a product from the life experience connections, love and care will be given to postpone the disposal. The initiative taken by Patagonia not only promotes sustainable materials on consumer products but the deeper thought process of purchasing habits by consumers to treasure the things they love whether the product or the planet. Bischoff & Staufenberg (2021) research hints at the unconscious influence of Patagonia's strategy, where not only consumption behaviour, customers of the brand put more effort into sustainable responsibilities like recycling.

Patagonia has an honest and transparent method of communication, from clear presentations of information on their social media or advertisements without manipulating the audience to buy their products. Constructing this genuine and open atmosphere that induces people to believe in the brand's commitment. Patagonia communicates through their mission and stories, customers are taken along on the journey and are always updated about the company's production process or their support of activism rather than on their products. Further strengthening their sustainable credibility.
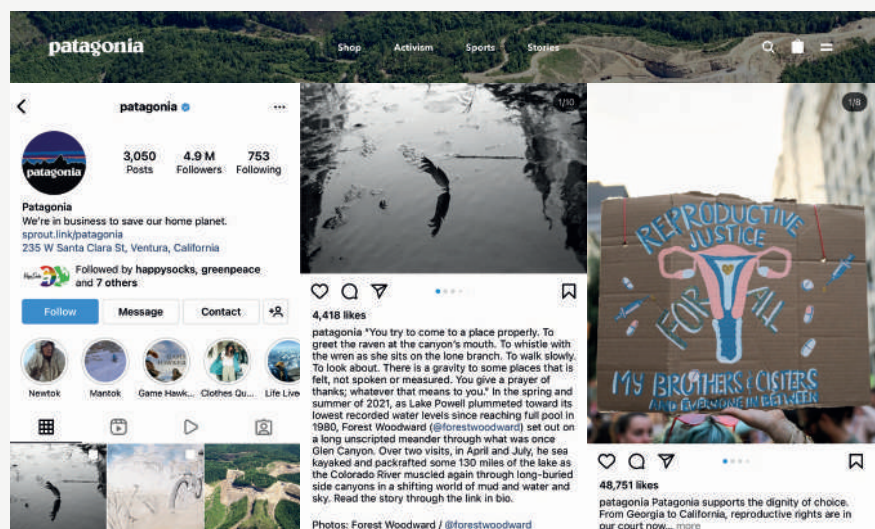
Credit: Patagonia Official Instagram Account   @patagonia

They create values through actions and open communication, developing trust that builds into long-term relationships. Using their brand name to raise attention for sustainability purposes and purchase intentions. In addition, people do not remember Patagonia through product advertisements but through their campaigns raising awareness for going against mass consumerism to "buy less, demand more" (Bischoff, & Staufenberg, 2021). Showing their commitment and validating their belief in a sustainable future.

The brand trust is built when consumers can identify the sincerity of the belief from the brand. No hypocrisy detected in their actions and a belief that is followed through since the beginning of the brand's existence. Participants from Bischoff & Staufenberg (2021)'s research said they did not experience aggressive marketing from Patagonia's product that pushes them to purchase or uses greenwashing terms (ie. 100% sustainable) that counteract the meaning of sustainable consumption. This gives a sense of trustworthiness and acts as a preventive measurement of greenwashing accusation.

Even facing a market with different buying behaviour, Patagonia tries to live up to their core values. In China, Shopping Festivals are popular on multiple platforms with sales encouraged through huge discounts supplied by all participating brands. The total 618 Shopping Festival sales in 2021 reached 578.48 billion yuan, recording the popularity of the consumerism behaviour of the chinese market. However, Patagonia chose to retaliate with the message of "NO SALE" on their official WeChat account. In the 12.12 Shopping Festival of the previous year, the brand presented their first consumer education exhibition in Shanghai to promote Patagonia's mission to reduce consumerism (Wang, 2021).

Credit: Patagonia Wechat

Trust is not a factor a brand can easily control, it is very dependent on the consumer side. It relies on the expectation of the customers for the brand and their products as well as ability, reliability and benevolence. Patagonia has not yet failed to live up to their promise or consumer's expectation of their actions and product. Therefore, consumers' trust the brand and convert thinking of loyal consumers' attitude on sustainability. It gives off a good feeling owning Patagonia products and post-purchase confidence that consumers are also helping to create a better future with the brand (Bischoff, & Staufenberg, 2021).

Another significant component for building trust and for low-budget promotion especially for SMEs is Word-of-Mouth. Respondents from Bischoff and Staufenberg's interview will likely share the brand to others according to the brand's sustainable performance. WOM shapes attitudes and purchase intentions, spreading messages to further audiences without intervention from the brand. It also reduces skepticism from potential audiences since it is a recommendation from someone they know.

Good sustainability strategy can trigger higher level cognitive thinking of environment and social impacts, questioning the intention of new purchases, the ethics of production or critical thinking of human development impact. Consumers can learn to distinguish sustainable practices and greenwashing or the real definition of sustainability, not only limited to environmental issues. Patagonia communicates throughout their channels with beautiful pictures of nature, which reminds of good memories and provides information about their actions to restore the beauty within (Bischoff, & Staufenberg, 2021). They inspire their consumers beyond just buying sustainably through their brand but also the measure they took to save the world and shaping the perception and behaviour of authentic sustainable living.

NESPRESSO

Founded: **1986**

Headquarters: **Switzerland**

B Corp Score*: **84.3**
*B Corp Certified: 80
*Ordinary Businesses: 50.9

Certified Since: **April 2022**

Industry: **Beverages**

(Refer to appendix for detail scoring)

Founded in 1986, Nespresso, a subsidiary of Nestlé, is one of the world leaders of coffee capsules, machines and accessories. Starting from the invention of capsule coffee to now a giant of the coffee industry worldwide. Currently, the company sells capsule machines and single-serve aluminium coffee pods at a premium price. Between 1986 and 2006, Nespresso is the only company producing capsule coffee thanks to their patent. However, once the patent expired, they were overwhelmed by competitors in the market with better and cheaper pods that are compatible with Nespresso Machines (Nambalirwa Kawuma & Marcovecchio, 2017).

Nespresso then invested into new product development R&D resulting in gradual improvements for example Grand Cru flavours and new machines. They also put a lot into marketing and branding to revamp their image in hope to raise brand awareness and customer loyalty with George Clooney as brand ambassador and the introduction of VIP customer loyalty club to maintain relationships with customers via a sense of exclusivity (Nambalirwa Kawuma & Marcovecchio, 2017). They began their research on recycled aluminum capsules when the consumer questions single-used product waste and along with the increase of global environmental awareness.

Suitable and successful brand strategy can become a source of competitive advantage and avoid being copied by others. However, Nespresso's previous method was not enough to prevent competitors taking market share and revenues. Scholars believe incremental improvements are not enough for long term effect or capturing hearts of the audience. To transform into a sustainable strategy, one has to change radically. Hence, the increased sustainability pressures from all sides on Nespresso, resulted in their decision to invest heavily in the AAA program, which regulates quality, sustainability and productivity (Nambalirwa Kawuma & Marcovecchio, 2017). While also promising to use "100% sustainable energy coffee, 100% sustainably managed aluminum and 100% carbon efficient operations, by 2020" through consumers' demand and social pressure (Narazaki, Ruiz, Kniess, & Pedron, 2018).

Consumers can witness the effort Nespresso has put into becoming a sustainability-centered enterprise in the coffee industry which has a negative reputation of impact on biodiversity and ethically sourced materials. Nespresso holds various certifications and labels to regulate and document their decreased ecological footprint product life cycle for the consumers (Nambalirwa Kawuma & Marcovecchio, 2017). For example, environmental dimension, they recycle capsules and develop bio-charcoal from by-products of coffee processing. For social dimension, Nespresso indicates care beyond environmental issues, with example of gender equity awareness, where female agronomists participating in the Nespresso program increased from 0% in 2005 to 30% in 2016. The new strategy leverages 85% added value per capsule gross margin and the more efficient production processes contributed to cost reduction (Narazaki, Ruiz, Kniess, & Pedron, 2018).

Not only does Nespresso build relationships with their customers, they also maintain close and open relationships with their providers to produce ethical employment opportunities. Taken from their website "Relationships built on trust between coffee producers and on-the-ground Nespresso agronomists lie at the heart of our coffee sourcing program." (Robert, 2018). Nespresso agronomists work with farmers to provide training and guidance ensuring quality, productivity and the sustainability of the production. This brings new value to not only the customers but also their business partners. Mutual trust can be obtained between Nespresso, customers and the farmers through a strong and transparent relationship between all parties. Farmers stories are shared by Nespresso for customers to connect with the suppliers and AAA Farmer Award Program for their employees to acknowledge the hard work of the farmers. There is no denial that there is an attempt from Nespresso to provide transparency; Nespresso will regularly publish reports on their website to track the sustainability performance or future visions (Narazaki, Ruiz, Kniess, & Pedron, 2018).
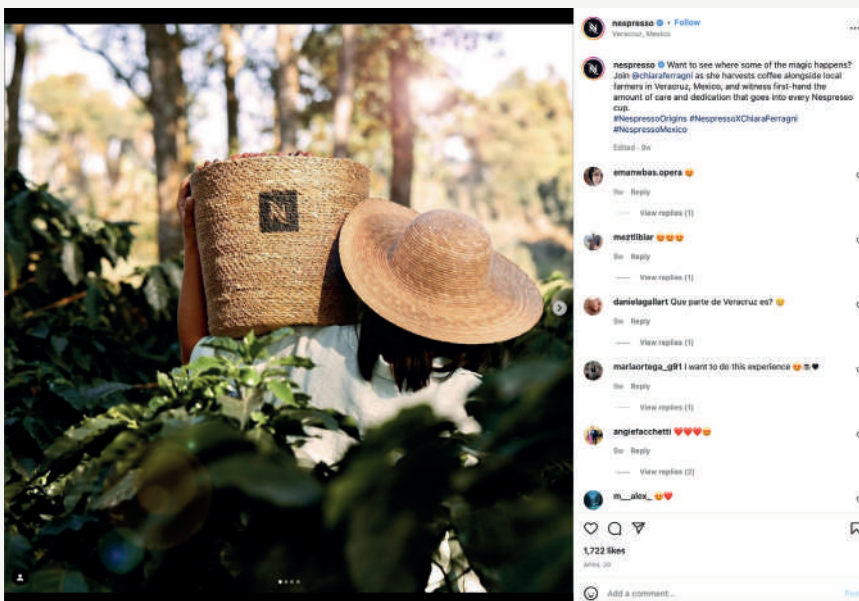
Credit: Nespresso Official Instagram Account   @nespresso

Even with the bloom of specialty coffee trends around the world, Narazaki, Ruiz, Kniess, & Pedron (2018)'s research states that 85% of the customers still view Nespresso coffee as a superior product, a good indication of their success in their new sustainable brand strategy. However, their efforts are not received without skepticism from the people. Sustainable is not implemented from the beginning of the brand's development and is slowly included along the way and when faced with public criticism. The implementation process is obviously slowly working but it takes time for a full revamp of the business structure. In Nambalirwa Kawuma & Marcovecchio (2017)'s research, they have shown doubt on Nespresso's works with local small-scale farmers since information is briefly mentioned little about the impact of its value proposition on consumers.

Nespresso has also stated that they have 100% "recycling capacity" but customers only know of the 30% global recycling rate of the capsule and they did not present detailed statistics. The scheme has been developing for 25 years covering 39 countries yet through this context, it can be understood that Nespresso has good intentions but their values have not been converse to consumers. The emphasis on 100% capsule recycling capacity also led to well versed consumers questioning and doubting on potential use of greenwashing (Nambalirwa Kawuma & Marcovecchio, 2017). The perception of sincere narrative can affect trust and the brand name, therefore, brands need to trot the fine line between real sustainability and greenwashing with caution. With the rising awareness of sustainable consumption globally, it is likely Nespresso will be pressured into addressing this matter in the near future with problems like aluminum recycling is not without their environmental impact and more coffee houses have been able to produce biodegradable pods. If Nespresso can finetune their current brand strategy and be able to fully express themselves transparently, they could capture new revenue streams while expanding its market share outside of just coffee and even to the biodegradable or eco-friendly product categories. Their consumers will also be able to understand the value behind their product design and encourage sustainable consumption practice beyond coffee consumption.

NESPRESSO SUSTAINABILITY STRATEGY:

THE POSITIVE CUP
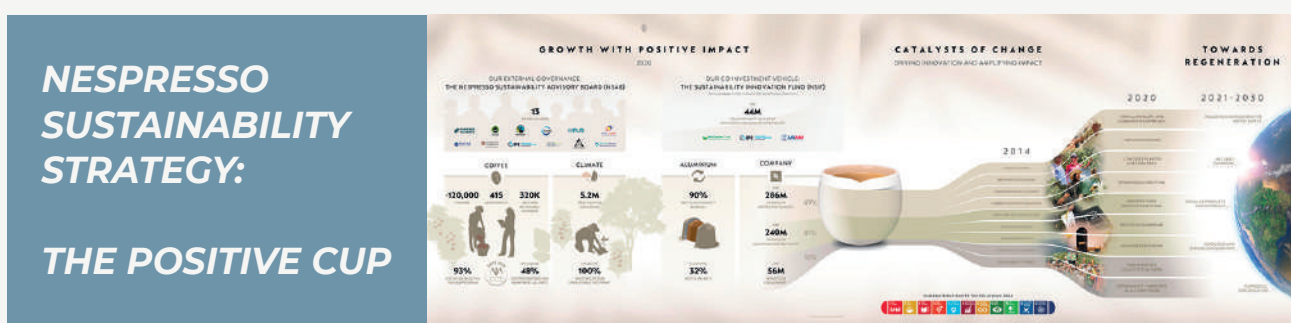
PARADISI S.R.L.

Founded: **1957**

Headquarters: **Italy**

B Corp Score*: **104.1**
*B Corp Certified: 80
*Ordinary Businesses: 50.9

Certified Since: **Dec. 2016**

Industry: **Manufacturing**

(Refer to appendix for detail scoring including previous years.)

Paradisi Srl was founded in 1957 by Antonio Paradisi and a partner. Deep-rooted in the local area, the company's headquarter has been in Marche, Italy since their formation. Currently, the founder's family, Sandro and Tiziana, lead the company who manufacture precision turned automotive components (del Baldo, 2019). Paradisi Srl has strong relationships with their customers and employees and is known for a safe, stimulating and motivating work environment. For the case of Paradisi Srl, they can shed insight on loyalty retention from the internal side of the organization–employees, which is also a crucial part in designing a sustainable brand strategy.

Since the president was born and grown in Marche, the company has strong bonds to the local community, which framed the core of their brand strategy. Wanting their hometown to flourish in a healthy manner, Paradisi has to ensure their strategy caters to all stakeholders of Marche. To safeguard the environment, they manage their operations to assure energy efficiency levels and recycling rate, which was testified by an Environmental Declaration for their use of 100% Green Energy – energy produced by renewable resources. In 2016, the year Paradisi Srl certified as B Corp, they employed 39 people, achieved a revenue of over 7 million euros and

about 3 million euros in investments. Paradisi Srl transforms throughout the years with the aim to distribute wealth to the people of Marche, while keeping environmental impact low. The brand balanced the members' interest, the seeking of common benefit and the corporate purpose in the strategy of their brand (del Baldo, 2019).

Paradisi's strategy to build interpersonal relationship is through prospering of key stakeholders (employees and collaborators), who are the foundation of the company's performance. Boosting the hours for training courses related to sustainability and safety from 1000 hours in 2015 to 1700 hours in 2016 and putting additional attention to the training and career opportunities of female employees in this male-dominated industry (del Baldo, 2019). While also supporting working parents' children to attend a Nursery school, which Paradisi is a founding member of, at a lower than the market prices. They empower the people and put devotion to safe and pleasant working conditions, evidenced from the low record of accidents and indicators showing productivity, absence and return on sales rate.

Marche, Italy.

Unlike the previous two companies, as a SME, they share very similar social and cultural values with their community; both the employees (internal) and the society (external). All organization members have exclusive immersiveness to the local community and territory, due to a sense of belonging and growing up in the society they are serving, as identified by Del Baldo (2019). Sustainable strategy that can be seen from the early stage of their business formation is heavily influenced by the Italian economic system, with a people-focused approach, to empower the people of Marche. Located in a region constructed of a high percentage of SMEs, many in the form of family businesses, where concurrency of ownership and management is prevalent. Paradisi Srl searches for a dynamic balance to ensure the sustainable growth of the interdependent development of the businesses

and the socio-economic context of the area.

Differing from consumer products where social media can be a heavy influence to build brand relationship and trust, manufacturers have to approach their consumers and encourage sustainable consumption in an indirect manner. Paradisi's decision on suppliers came from their vision to support local businesses who share their vision in terms of quality, sustainability and technology development. Reflecting their commitment to "protecting ethical values, traditions, traditions and norms that form the social capital of the area". A bond maintained through a fiduciary relationship with all stakeholders, with common (general public) benefit available for stakeholders outside of the firm. For example, collaborating with public and private schools; investing in technological innovation; supporting local businesses; selecting local ethical suppliers (del Baldo, 2019).

Although the B Corp certification effects on Paradisi Srl extrinsic attraction is not as apparent, however, the new structured brand strategy designed for B Corp appraisal is pushing intrinsic motivation. The president declares the observation of an increase in workforce motivation, stronger organizational culture and effectiveness in strategizing plans. The process was a medium to become structured for an SME and think strategically with their business approach or for the community. Employees are more engaged and aware of the outcome of their actions on sustainability. Employee turnover is costly and damaging to SMEs from having to train a new set of talents for the firm. Therefore, having a sustainable strategic plan can retain the members with a clear corporate direction and individuals can receive more opportunities to progress in their careers from training provided. Due to their enterprise positioning, ecolabels did assist in easier communication and attraction of talents. Providing a simple and well-reputed B-Impact score to external partners for easy comprehension and the officially recognized sustainability efforts can attract like minded talents or collaborative partners.

Social ◆ Environmental ◆ Economic

BRAND TRUST

CONCLUSION

Acknowledging the impact that emerging Asian countries have on the global market and the increased discussion of sustainability around the world, the report presented data of sustainable consumption characteristics of the East Asia market, mostly focused on the consumers of Japan, South Korea and China. Going through how SME can design appropriate sustainable strategies to adapt to this sustainability-oriented future. By comparing between fast-growing and matured markets, to understand the transition and cultural impact on consumer purchase decisions.

An important factor to recognize is that the countries involved all came from collective-thinking society, which directly affects consumers' behaviour and attitude on sustainable consumption. The sustainable mindset is not adopted by the majority of the community, causing consumers to be hesitant to act outside of social norms and what is normal or mainstream, hinting on the importance of motivating sustainable consumption habits through situational cues and promotion to make sustainability become the perceived descriptive norm (Lim, Arita, & Joung, 2019). Fast-growing markets, such as China, had a later adoption of sustainable practices. Their preference on economic prosperity caused interference to the path of sustainability. However, for communal society, collective welfare can be a determining factor. Although economic development is important to East Asia markets, a morally-based knowledge dimension (moral reasoning) can influence collectivistic society with an embedded sense of social responsibility to ensure the safety of the community (Dermody, Koenig-Lewis, Zhao, & Hanmer-Lloyd, 2018).

East Asia currently held higher concern on environmental issues due to witnessing impact on climate change and pollution. However, in the near future with the easy-to-access information online and maturity of sustainability education, social issues will be their next concern as empowering the local community is also a crucial part of collective-thinking.

The gap between fast-growing and matured countries are narrowing with the fast-pace economic and globalization development. East Asia countries have been announcing plans and imposing regulations on environmentally detrimental problems one-after-another. Brands have to articulate for the change in the near future and apply sustainable strategy to their business. Companies are given the responsibility to make sustainable products more accessible for consumers while explaining sustainability concepts to the public. The world is expecting companies to be their leader to a sustainable future (Lightowler, Mattios, Yang, & Zehner, 2022). Brands without inclusion to environmental, social, and governance concerns will likely be marginalized. While not every brand is an early adopter like Patagonia, it is never too late to redesign brand strategy that caters to your business. Nespresso was a living proof that regardless of scale or established time, sustainability can be re-integrated and prevent brands from losing relevance. Relationship, transparency and trust are the key mediators for brands to influence sustainable consumption. A transparent communication can secure trust which turns into brand loyalty. Therefore, try to limit inconsistency with the expression and align sustainable strategy throughout the brand internal and external structure. Or else it will come out as forced and insincere, giving a "greenwashing" impression that raises questions on trust and affecting confidence in the brand and their products (Narazaki, Ruiz, Kniess, & Pedron, 2018). Most importantly, affecting the willingness and passion of consumers' engagement in eco-friendly practices.

Remember, the power of SMEs cannot be underestimated, taking up 90% of the world's businesses, they have the power and flexibility to act quickly and influence sustainable consumption behaviour together. One by one influencing the community around them can together become a strong force. Similar to Paradisi Srl, by empowering their employees and ensuring minimal impact to their local community, they together with SMEs in Marches worked to protect their home and shaped behaviours.

Photo by: Polina Tankilevitch

TRANSPARENCY

RECOMMENDATION

01. To attend to the collectivist markets, design strategies should treat behaviour as communal experience. Through social consumption motivation and social responsibility to allow sustainable consumption behaviour to become a descriptive norm that is employed by everyone. If East Asian consumers believe the action is common manners, it is possible to encourage sustainable practices and seek further understanding of the reasoning behind such practices. Therefore, give sustainability its recognition, in return for a positive result to raise consumers' efficacy which leads to actual behavioral changes (Lim, Arita, & Joung, 2019).

02. Strategies should be designed with sustainability as the main value, equipping organization members to have a clear direction of the brand development (Lightowler, Mattios, Yang, & Zehner, 2022). Rather than focusing on the promotion or development of own products or services, spreading awareness on the brand mission to be sustainable and put this as the foreground of the experience (Narazaki, Ruiz, Kniess, & Pedron, 2018). This keeps a consistent vision and commitment for all stakeholders, making it efficient to make decisions and keeping consumers who align in value. Saving resources to reintroduce or discover new consumers when the brand introduces new concepts.

03. Treat sustainability as the main corporate vision and not an add-on for brand strategies. Brands need to design and deliver a comprehensive strategy that accommodates all investments, organizational adjustments, and marketing approaches with clear roles and responsibilities to make an impact (Lightowler, Mattios, Yang, & Zehner, 2022). Design a sustainable strategy with the vision of the future in mind and

do not be afraid of challenges; a well thought out strategy that is constant can last long and encourage commitment from both employees and consumers.

04. Many methods are available to establish successful sustainable brand strategy, like being unique, innovative or co-creation of sustainable value. However, the common theme that connects these concepts is understanding the need of the audience, the trend and potential changes, leading the market and how to put it into action (Grubor & Milovanov, 2017). At a time when environmental concerns and sustainability are priorities of business and social objectives, improving brand performance and expanding brand equity is both an obligation and an opportunity for companies.

05. Never be forceful to promote individual items of the brand, but communicate in a clear, honest, and truthful way to build green trust and will increase the sales through a long-lasting relationship (Narazaki, Ruiz, Kniess, & Pedron, 2018). The popularity of social media can provide opportunities to spread awareness, establish clear brand vision and encourage WOM. Do take advantage of East Asia rapid development and growing demand for sustainable and healthy needs to be the market leader of a strong emerging influence.

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APPENDIX

Figure 3

Asia-Pacific's environmentally and socially conscious and health-conscious segments match or exceed those in other regions
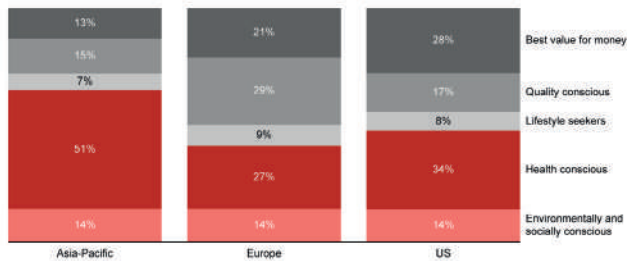
Figure 4

Most fast-growing Asia-Pacific markets have larger environmentally and socially conscious and health-conscious segments than mature markets
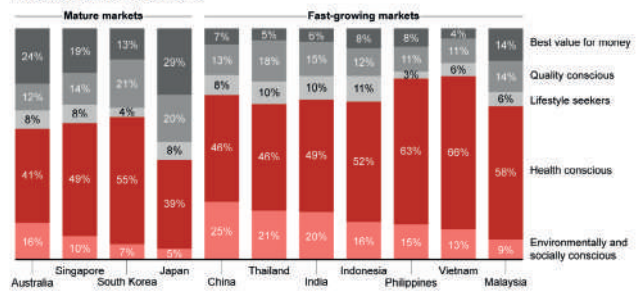
Figure 5

Feeling the impact of environmental issues triggers sustainable purchasing

Figure 6

Sustainability consciousness spans across ages and income levels
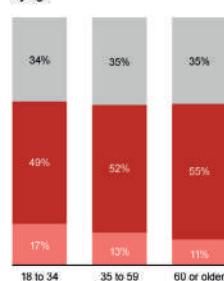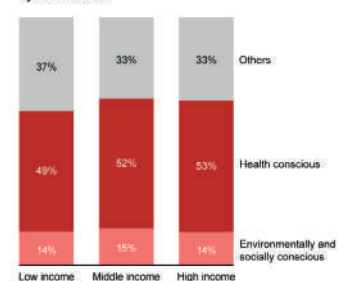
Figure 8a

90% of consumers say they are willing to pay for positive environmental impact

Figure 8b

40% of consumers expect to increase overall spending on sustainability over the next three years
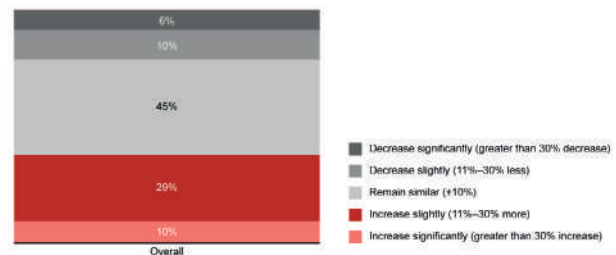
Figure 9

Consumers' sustainability knowledge comes from multiple sources

Key sources include brand elements, reviews, ads, and recommendations

Number of responses
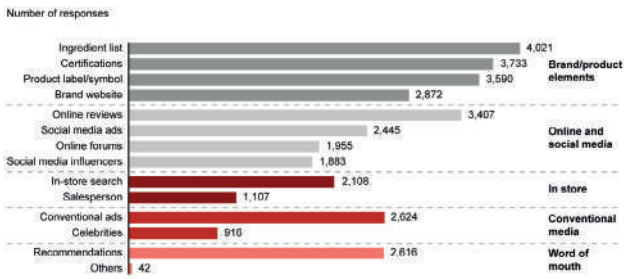
Note: Respondents could choose up to three sources to find out about brands or verify their claims while purchasing sustainable products over the past six months
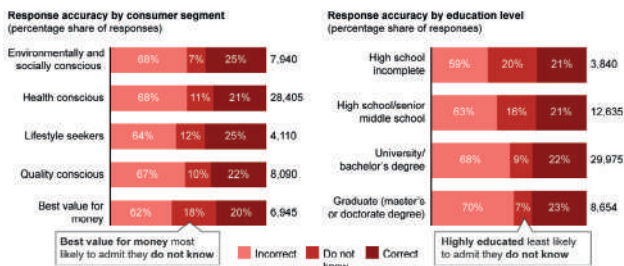Source: Bain Asia-Pacific Environmental, Social, and Corporate Governance Survey, January 2022 (Singapore, Australia, Japan, South Korea, Thailand, Malaysia, Vietnam, China, India, Indonesia, and Philippines n=16,824)

Figure 10

Neither a higher education level nor a higher environmental consciousness level implies a better understanding of sustainability issues

Consumers were asked to choose which of two products had a lower carbon footprint

Note: "High school incomplete" includes "middle school" and "some high school/senior middle school"
Source: Bain Asia-Pacific Environmental, Social, and Corporate Governance Survey, January 2022 (Singapore, Australia, Japan, South Korea, Thailand, Malaysia, Vietnam, China, India, Indonesia, and Philippines n=16,824)

Figure 11

Multiple supply and demand side issues prevent consumers from buying sustainable products

Consumers were asked the key challenges they face while shopping sustainably

While higher price is a challenge, nearly 85% of problems are nonprice, supply side factors
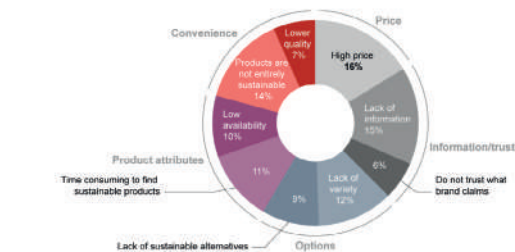
Note: Total responses=22,653
Source: Bain Asia-Pacific Environmental, Social, and Corporate Governance Survey, January 2022 (Singapore, Australia, Japan, South Korea, Thailand, Malaysia, Vietnam, China, India, Indonesia, and Philippines n=16,824)

Figure 12

Four out of five environmentally and socially conscious consumers actively recommend sustainable products they like

Of the environmentally conscious consumers who recommend, nearly 53% are "super promoters" (recommending to more than 10 people)
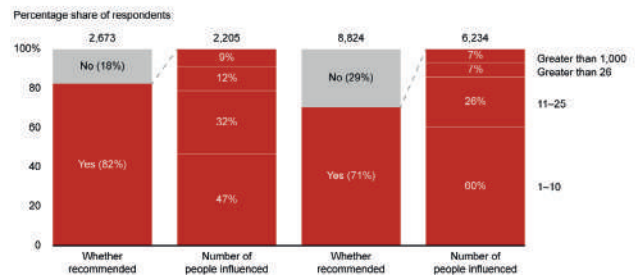
Percentage share of respondents

Source: Bain Asia-Pacific Environmental, Social, and Corporate Governance Survey, January 2022 (Singapore, Australia, Japan, South Korea, Thailand, Malaysia, Vietnam, China, India, Indonesia, and Philippines n=16,824)

PATAGONIA B CORP PAGE

Overall B Impact Score

Based on the B Impact assessment, Patagonia Works earned an overall score of 151.4. The median score for ordinary businesses who complete the assessment is currently 50.9.

151.4

- 151.4 Overall B Impact Score
- 80 Qualifies for B Corp Certification
- 50.9 Median Score for Ordinary Businesses

Governance | Workers | Community | Environment | Customers

Governance 16.9

Governance evaluates a company's overall mission, engagement around its social/environmental impact, ethics, and transparency. This section also evaluates the ability of a company to protect their mission and formally consider stakeholders in decision making through their corporate structure (e.g. benefit corporation) or corporate governing documents.

Mission & Engagement	3.2
Ethics & Transparency	3.6
+ Mission Locked	10

What is this? A company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholders - such as workers, community, environment, or customers.

Workers 20.8

Workers evaluates a company's contributions to its employees' financial security, health & safety, wellness, career development, and engagement & satisfaction. In addition, this section recognizes business models designed to benefit workers, such as companies that are at least 40% owned by non-executive employees and those that have workforce development programs to support individuals with barriers to employment.

Financial Security	5.3
Health, Wellness, & Safety	7.4
Career Development	3.0
Engagement & Satisfaction	4.9

2016 Overall B Impact Score	151.5
2014 Overall B Impact Score	113.9
2011 Overall B Impact Score	107.3

Community 63.8

Community evaluates a company's engagement with and impact on the communities in which it operates, hires from, and sources from. Topics include diversity, equity & inclusion, economic impact, civic engagement, charitable giving, and supply chain management. In addition, this section recognizes business models that are designed to address specific community-oriented problems, such as poverty alleviation through fair trade sourcing or distribution via microenterprises, producer cooperative models, locally focused economic development, and formal charitable giving commitments.

Diversity, Equity, & Inclusion	4.3
Economic Impact	1.4
Civic Engagement & Giving	6.1
Supply Chain Management	10.0

+ Supply Chain Poverty Alleviation	25.4
+ Designed to Give	16.3

What is this? A company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholders - such as workers, community, environment, or customers.

Environment 43.5

Environment evaluates a company's overall environmental management practices as well as its impact on the air, climate, water, land, and biodiversity. This includes the direct impact of a company's operations and, when applicable its supply chain and distribution channels. This section also recognizes companies with environmentally innovative production processes and those that sell products or services that have a positive environmental impact. Some examples might include products and services that create renewable energy, reduce consumption or waste, conserve land or wildlife, provide less toxic alternatives to the market, or educate people about environmental problems.

Environmental Management	6.6
Air & Climate	6.6
Water	4.5
Land & Life	7.9

+ Environmentally Innovative Wholesale Process	0
+ Resource Conservation	6.4
+ Land/wildlife Conservation	1.1
+ Toxin Reduction / Remediation	10.1

What is this? A company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholders - such as workers, community, environment, or customers.

Customers 6.3

Customers evaluates a company's stewardship of its customers through the quality of its products and services, ethical marketing, data privacy and security, and feedback channels. In addition, this section recognizes products or services that are designed to address a particular social problem for or through its customers, such as health or educational products, arts & media products, serving underserved customers/clients, and services that improve the social impact of other businesses or organizations.

Customer Stewardship	3.7

+ Arts, Media, & Culture	1.7
+ Serving in Need Populations	0

What is this? A company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholders - such as workers, community, environment, or customers.

NESPRESSO B CORP PAGE

Overall B Impact Score

Based on the B Impact assessment, Nespresso Global earned an overall score of 84.3. The median score for ordinary businesses who complete the assessment is currently 50.9.

84.3

● 84.3 Overall B Impact Score

● 80 Qualifies for B Corp Certification

● 50.9 Median Score for Ordinary Businesses

Governance   Workers   Community   Environment   Customers

Governance
13.2

Additional Documentation

Nespresso Score Aggregation Methodology   ⬇

Nespresso Transparent Assessments 2022   ⬇

Workers
22.6

Community
20.3

Environment
23.5

Customers
4.5

PARADISI S.R.L. B CORP PAGE

Paradisi
equilibrio dinamico
dal 1957

Certified
B Corporation

Headquarters
Marche, Italy

Certified Since
December 2016

Industry
Fabricated metal products

Sector
Manufacturing

Operates In
Italy

Website
www.paradisi.it

PARADISI SRL

Paradisi srl was founded in 1957 and manufactures precision turned components, handles, dials and accessories for the white goods sector. For many years now, the company has been expanding into new markets and sectors. Thanks to automatic turning and the quality of its machining operations, it is able to satisfy all the requests received from other sectors as well, in particular those received from the automotive, electromechanical and automation sectors. It loves to work in close contact with its customers throughout the finished product definition process, from drawings to creation of prototypes, thus ensuring a result that is in line with the highest expectations. Quality, which is one of the company's competitive factors along with precision and service, is guaranteed throughout the process. Paradisi works in symbiosis with the needs of its customers, but also with those of its workers. The Company takes great pains to ensure that the working environment is always attractive: safe, stimulating and motivating. Paradisi is deeply rooted within its area, and is proud not only to be an Italian company, but one that was born and "brought up" in the Marche region and that helps to make the area around it a better place.

Overall B Impact Score

Based on the B Impact assessment, PARADISI SRL earned an overall score of 104.1. The median score for ordinary businesses who complete the assessment is currently 50.9.

104.1

- ● 104.1 Overall B Impact Score
- ● 80 Qualifies for B Corp Certification
- ● 50.9 Median Score for Ordinary Businesses

Governance   Workers   Community   Environment   Customers

Governance 18.0

Governance evaluates a company's overall mission, engagement around its social/environmental impact, ethics, and transparency. This section also evaluates the ability of a company to protect their mission and formally consider stakeholders in decision making through their corporate structure (e.g. benefit corporation) or corporate governing documents.

Mission & Engagement	3.3
Ethics & Transparency	4.7
+ Mission Locked	10

What is this? A company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholders - such as workers, community, environment, or customers.

Previous Overall B Impact Scores

2016 Overall B Impact Score	84.5

Workers 25.3

Workers evaluates a company's contributions to its employees' financial security, health & safety, wellness, career development, and engagement & satisfaction. In addition, this section recognizes business models designed to benefit workers, such as companies that are at least 40% owned by non-executive employees and those that have workforce development programs to support individuals with barriers to employment.

Financial Security	3.5
Health, Wellness, & Safety	9.2
Career Development	2.3
Engagement & Satisfaction	5.4

Community 17.5

Community evaluates a company's engagement with and impact on the communities in which it operates, hires from, and sources from. Topics include diversity, equity & inclusion, economic impact, civic engagement, charitable giving, and supply chain management. In addition, this section recognizes business models that are designed to address specific community-oriented problems, such as poverty alleviation through fair trade sourcing or distribution via microenterprises, producer cooperative models, locally focused economic development, and formal charitable giving commitments.

Diversity, Equity, & Inclusion	3.7
Economic Impact	5.4
Civic Engagement & Giving	2.5
Supply Chain Management	2.6

Environment 41.2

Environment evaluates a company's overall environmental management practices as well as its impact on the air, climate, water, land, and biodiversity. This includes the direct impact of a company's operations and, when applicable its supply chain and distribution channels. This section also recognizes companies with environmentally innovative production processes and those that sell products or services that have a positive environmental impact. Some examples might include products and services that create renewable energy, reduce consumption or waste, conserve land or wildlife, provide less toxic alternatives to the market, or educate people about environmental problems.

Environmental Management	5.0
Air & Climate	4.3
Water	2.6
Land & Life	5.4

+ Environmentally Innovative Manufacturing Process	21.5

What is this? A company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholders - such as workers, community, environment, or customers.

Customers 1.9

Customers evaluates a company's stewardship of its customers through the quality of its products and services, ethical marketing, data privacy and security, and feedback channels. In addition, this section recognizes products or services that are designed to address a particular social problem for or through its customers, such as health or educational products, arts & media products, serving underserved customers/clients, and services that improve the social impact of other businesses or organizations.

Customer Stewardship	1.9

WE HAVE NO PLANET B.