Guiding systems for sustainable products in the retail industry
Sales-enhancing consumer communication at the Point of Sale

- Summary -

Ralf Schmidt-Pleschka
(Project management)
Heike Dickhut

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Die VERBRAUCHER INITIATIVE e. V. (Bundesverband)
Elsenstraße 106, 12435 Berlin
Tel. (030) 53 60 73-3 – Fax. (030) 53 60 73-45
Mail: mail@verbraucher.org – Web: www.verbraucher.org

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Guiding systems for sustainable products in the retail industry
A practical guide for consumer communication enhancing sales at the Point of Sale

Summary

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Ralf Schmidt-Pleschka, Heike Dickhut
Die VERBRAUCHER INITIATIVE e.V.
Elsenstraße 106
12435 Berlin
www.verbraucher.org

Translation by
Patricia Weber de Vaca
www.dolmetscherteam.de
Guiding systems for sustainable products in the retail industry

The consumer expects from their retailers that they assume their ecological and social responsibility and that they carry "sustainable products" in their product line. However, for the retailers it is decisive that this commitment with respect to products with a particular ecological or social quality is honoured by the consumer with a certain level of demand.

The project presented here assumes that special measures for orientation, information and campaigns at the point of sale - whether in the store, in a catalogue or on the internet - may help to draw the attention of the consumer to the product at the moment of making a purchase decision and that, thus, they help to increase sales in this particular segment. In the context of this project, any marketing activity at the point of sale is called a "guiding system".

The objective of the project was first of all to establish the basics for the development of such guiding systems and to compile them in a practical guide. In a second project phase, the use of the guiding systems was tested in different industries and distribution channels and conclusions for the future use of this tool were drawn.

1. Key results of the feasibility study

In the first phase of the project “Guiding systems for the promotion of sustainable products in the retail industry” a feasibility study on the implementation of the guiding systems was carried out and published under www.nachhaltige-produkte.de (in German). In addition to the results of similar projects, the study included the findings of a survey done with retailers in Germany on their experiences with marketing activities for sustainable products.

In a first step, these results formed the basis for a report on the implementation of such guiding systems for sustainable products which was then presented at a workshop and discussed with experts from the retail, marketing, environment and consumer protection sectors. At the end of this process, the following basics for working out a guiding system were determined:

- Practical examples show that it is possible to increase the sales of sustainable products by a variety of emotionally effective sales-enhancing measures at the point of sale.

- Seals or marks are an important and efficient tool for communicating information about sustainable products. In general, the retailers opt to use using known and credible seals which signal high product quality to the consumer. Particularly important are the FSC seal (sustainable forest management), the Blue Angel (Blauer Engel), the “Bio” seal for organic products, the marks TransFair and Rugmark, natureplus for construction material as well as “better”/“best” or Öko-Tex 1000 for textile goods. The incredible variety of brands and labels reduces the communicative value for the consumer and, thus, its value for enhancing sales.

- A successful promotion of the sales of sustainable products should be based on emotionally addressing the customer at the POS, e.g. by using pictures or creative campaigns (creative campaign marketing).

- An ecological and social commitment of the retailers is generally only honoured by the consumer if the quality and the price of the products are also attractive. Thus, sustainability is added value and in itself scarcely an argument that determines the purchase decision. Therefore, communication at the POS should aim to activate what we know
as “motive alliances” by conveying the ecological and social quality of a product together with other and individually important added benefits.

- A particularly effective tool for increasing the sales of sustainable products is personal communication at the POS. Being addressed personally is something the customer really appreciates because he is given recommendations and solutions which are specific for his individual case. His values and motives are taken into account directly. In particular with respect to sustainable products, which usually need to be explained, personal support offers the necessary “personal recommendation”.

1.1 A Definition of “sustainable products“

The project did not focus on how to define the term “sustainable products”. However, the development of a guiding system required that a distinction be made, which both consumer and retailer would understand, between “sustainable” and “traditional” products at the moment of the purchase decision.

The seals used on the German markets to indicate a particular ecological or social quality of a product serve as an indicator which is easily comprehensible and which is based on verifiable assessments. Based on the high level of importance of the seals and for the purposes of the project, we defined those products as “sustainable” which comply with the following three criteria:

1. In comparison with other products for the same use, sustainable products have a particular ecological and/or social quality (e.g. no harmful substances, no child labour).
2. The consumer can recognize this difference because these products carry a seal (e.g. the Blue Angel, the FSC seal).
3. The respective seal or label is captured in the database www.label-online.de as an eco or social label and it is “recommendable” according to the evaluation matrix used for the database.

1.2 The universal design

A key result of the feasibility study was that the large number of seals, marks and labels used in connection with sustainable products rather handicaps communication. As a solution to this problem the “sustainability circle” was developed which offers a universal design for the guiding system.

![Fig. 1: The sustainability circle](image)

The sustainability circle is the recognition mark for the guiding system and it symbolises the four quality characteristics of sustainable consumption, i.e. the protection of the environment and human health, social responsibility as well as the technological quality of products.

The coloured symbols are arranged in the form of a circle which visualises the fact that these four characteristics are interlinked and complement each other.

This sign may be used universally across product lines and industries and it allows the integration of social and eco-labels. The colours are the same as the main colours of the campaigns for the “Bio” seal (“Bio-Produkte haben’s drauf!” – “Organic products have what it takes!”), on the TransFair seal (“fair feels good.”) and on the Blue Angel (“Aktion Blau” – “Campaign Blue”) that were carried out in Germany. Borrowing from these cam-
paigns, the colour red in the sustainability circle stands for “social”, the colour blue for “ecological/organic” and green for “healthy”. The quality characteristic “high quality” was assigned the colour yellow.

1.3 A practical guide for the retail industry

Based on these definitions and this design the last step was to draw up a practical guide to implementing a guiding system for sustainable products. It comprises five different steps and for each step a module of fixed actions has been designed.

- **Developing a universal design concept**
  In developing the concept, we mainly focussed on using a universal design which also had to embed the Corporate Design of the respective company.

- **Phrasing key messages**
  This step focuses on linking the social advantages of a sustainable product with its individual benefit and laying down the basis for addressing the customer in an emotional way.

- **Compiling a mix of marketing actions specifically for a certain product group**
  We aimed at establishing orientation, information and campaign activities that were specific for certain companies and product lines. We also had to determine at this point which media were to be used for how long.

- **Activities supporting the conception, e.g. training of staff, press and public relations**
  It is indispensable for success to plan supporting activities in time so that the guiding system becomes known within the company, around the market and to the general public. It is particularly important that the staff become familiar with the concept.

- **Evaluating the impact of the guiding system**
  Customers, staff and the management were surveyed in order to identify the results that were obtained as well as the possible potentials for improvement. This assessment also included the sales figures of relevant product categories that had to be tracked.

The presentation and publication of the draft guide finalised the first project phase in February 2004.
2. The trial phase

The objective of the second project phase was to get two retailers to test the steps and activities that had been developed in the practical guide with respect to their feasibility and impact and, if necessary, to revise the guide based on this practical experience.

We were able to win the mail order company OTTO as well as the DIY-market OBI as partners for carrying out the pilot projects. In choosing these project partners we complied with the following target conditions:

- They allowed testing of the guiding system with respect to its suitability for several industries (household and living, garments and textile goods);
- They allowed testing of the guiding system with respect to its suitability for different distribution channels (market, catalogue and online ordering).

2.1 Pilot projects for testing the guiding system

Based on the practical guide, we first developed specific activities and media to be used in close co-operation with the companies. These were tested and evaluated in practice during the trial phase from October 2004 to January 2005. Table 1 provides an overview of the activities.

The objective of the pilot project with the mail order company OTTO was to promote its house brand PUREWEAR which is made of controlled organic cotton. With this article we tested a guiding system for internet mail orders as well as for the more than 1,000 OTTO shops all over Germany.

In co-operation with the DIY-chain OBI we developed a guiding system for sustainable products in the DIY-sector that had been tested from October 2004 to January 2005 in the OBI store in Berlin-Steglitz. The guiding system comprised measures for orientation and information as well as campaigns at the point of sale. We focussed on products with the “Blue Angel” and the “FSC” seal.

Table 1:

<table>
<thead>
<tr>
<th>Project steps</th>
<th>OBI</th>
<th>OTTO</th>
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<td>Universal design</td>
<td>“Sustainability circle”</td>
<td>“Sustainability circle”</td>
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<td>Key messages</td>
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<td>• “Pure fibre - a good feeling”</td>
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<td>Marketing activities</td>
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<td>• Activities for orientation</td>
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<td>- signs, show cards¹</td>
<td>- banner (online shop)</td>
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<td></td>
<td>• Activities for information</td>
<td>• Activities for information</td>
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<td></td>
<td>- posters¹</td>
<td>- posters (OTTO shops)¹</td>
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<td></td>
<td>- customer magazine¹</td>
<td>- leaflets (OTTO shops)¹</td>
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<td>- folders¹</td>
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<td></td>
<td>- information leaflets</td>
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2.2 Results of the pilot project

The impact of the guiding systems that were implemented during the pilot projects has been evaluated by surveying customers and by collecting relevant sales data. Based on these findings it is possible to provide an evaluation in terms of quality and quantity.

2.2.1 Pilot project with OTTO

The OTTO project was evaluated by sending an online questionnaire to around 400 customers of the internet shop and, furthermore, a random sample of 100 shop customers in Germany was surveyed over the phone by the Institute for Sustainable Management (Institut Nachhaltiges Wirtschaften - nwd-Institut) with respect to their shopping patterns and the impact that the project had on them. Their essential statements are summarised as follows.

![Fig. 2: Shop and online customer’s criteria for buying clothes](image)

1) You can find the print media that were used under [www.nachhaltige-produkte.de](http://www.nachhaltige-produkte.de) on the internet and they can be downloaded from the “downloads” section (in German).
• Importance of eco-social product features for the customer

The survey of the shop customers shows that they have a rather low preference for eco-social issues (see Fig. 2). “Socially compatible” ranges 4th in the evaluation scale of textile goods; “eco-friendly” ranges 6th and the “use of natural material” ranges only 7th (of 9).

The online survey showed a significantly higher awareness. Here, “skin tolerance” is the most important criteria when buying clothes; the “use of natural material” ranges 2nd, “eco-friendly” ranges 5th. “Social compatibility” ranges 7th.

It is well known that the PUREWEAR seal is related to the environment. But for half of the shop customers this seal was only one reason among many for buying the product; and for more than a third it was an essential aspect. For the online customers the seal plays a more important role, 15 % of whom stated that it was the main aspect for the purchase decision.

• Perception and evaluation of the guiding system

Almost half of the surveyed shop customers consciously noticed the guiding system (46 %). They mostly remembered the posters (27 %). 25 % remembered the lottery.

In the online survey a quarter of the surveyed customers remembered that the pages of Naturwelt were promoted (pop-up and/or banner). With around 5 %, the posters and the lottery were not as important in the online survey, as had been expected, because only very few internet customers also order in the OTTO shops.

Have you noticed the campaigns for the PUREWEAR seal?

![Chart showing how OTTO customers perceived the guiding system](image)

The relatively high level of perception is also reflected in the user figures of the Naturwelt pages. During the best week (calendar week 42) almost 1.2 % of the visitors of those modules that feature a promotion of the Naturwelt page saw the Naturwelt shop (see Fig. 4). This constitutes a good score for this type of marketing.

The activities were perceived as being very credible. In both surveys more than 90 % of the surveyed customers rated the guiding system as being credible. Most gave as a reason that OTTO sponsored the project.
Impact of the project

The guiding system opened up new customer segments for the PUREWEAR products. For example, 20 % of the surveyed persons said that in the first place the posters drew their attention to the PUREWEAR products; 5 % mentioned the lottery and the same number of persons mentioned the website otto.de.

The online survey shows the impact in an even more significant way. 80 % of the participants said that they accessed the page of Naturwelt for the first time. The order volume (of the Naturwelt shop) increased during the project phase by 8 % compared to the figures previous to the project. Mostly during the first weeks the gross order value increased significantly, a trend which, however, did not continue. This underlines the fact that during the entire campaign period it may be necessary to launch and communicate new campaigns.

The results obtained show that it is possible to have positive promotion of sustainable products with a rather low marketing investment at the point of sale. Such an investment consists of both an improvement in the communication to the customer and increasing the awareness of employees with respect to products with ecological and social benefits. Furthermore, demand clearly increases. This result is particularly true for the online business.

Fig. 4: Development of the Gross Order Volume for PUREWEAR products in euro (GOV) and the percentage of Naturwelt visitors with respect to all users of the online shop (in %) during the project period (calendar week 42 to 46) and previously.
2.2.2 Pilot project with OBI

Parallel to the four campaign weeks, on 12 days around 300 customers of the OBI store in Steglitz were surveyed with respect to their shopping patterns and the impact of the project. The participants of the survey were invited to play a lottery. Furthermore, the sales data of selected sustainable products were collected for the project period and compared with the corresponding period of the previous year.

- **Importance of eco-social product features**

The customers of the DIY store are mainly interested in paint and varnish. 69 percent of the surveyed persons stated that they usually buy such products at the OBI store. Garden products (62 %), wood and timber products (54 %), construction material (43 %) as well as water and sanitary products (35 %) also enjoy a strong demand while household appliances and electronics as well as flooring products and tiles play a rather insignificant role with clearly below 30 %.

![Fig. 5: Criteria of OBI customers for buying DIY products](image)

The survey of customer expectations shows a high preference for the durability of the purchased products. Other criteria which are relevant for the environment are important for the customers as well, e.g. no harmful substances (rank 2) and eco-friendly (rank 3) while the use of natural material ranks with the lowest priority behind social compatibility. The tendency in customer expectations is that the individual benefit is most important (as expected). However, it is interesting that the price is not as important as ecological considerations.

- **Perception and evaluation of the guiding system**

Almost two thirds of the surveyed customers noticed that marketing activities were taking place in the form of the guiding system. Approximately half of them noticed the signs on shelves and products; the information campaign (advising customers) was noticed significantly less with 16 % and the same is true for the leaflets (11 %) and the customer magazine (7.24 %).

When looking at the evaluation you have to take into account that most of the surveyed customers probably went to the store only once during the project period and that, thus, there cannot be any “getting used to it” effect. In general, there is a
tendency towards focussing more on the measures offering orientation as opposed to the information activities and campaigns.

What do you think about the credibility of the guiding system at OBI?

Fig. 6: Credibility of the guiding system

More than 90 % saw the guiding system as being credible; around half gave as a reason that the project was sponsored by a Consumer Board, and almost the same number of people chose the reason that “it was a good thing”.

Changes of the sales data of selected products compared with the period Oct. 03 till - Jan.04

Fig. 7: Development of sales figures during the project period

- **Impact of the guiding system**
  Almost 80 percent of the surveyed customers thought that the guiding system was “useful” or “very useful”. A concrete benefit for 28 % was that they had found
known sustainable products more easily; 22% thought that the information was very important and almost 17% have discovered new sustainable products in the assortment.

It was also interesting that the guiding system enjoyed a high level of credibility which also reflects that it is beneficial to co-operate with NGOs on projects. 40 percent of the surveyed customers gave the project a credible rating because it was sponsored by a Consumer Board.

It is difficult to determine the impact of the guiding system on the purchase pattern. This impact is overlapped by other, general trends, e.g. large fluctuations with respect to the demand of certain products or a general hesitation to buy. In order to identify at least some tendencies, the sales of seven products that serve as examples have been assessed - three wall paints with the Blue Angel label, two varnishes with the Blue Angel label, one laminate with the Blue Angel label as well as tool handles and fibreboard with the FSC sign.

Taken as a whole, these data suggest a positive impact. For example, sales of the wall paint "Designmatt" increased by more than 40% during the project period in comparison with the previous period. The traditional wall paints showed a positive tendency as well, even if less marked (+6%). One clear varnish showed a rise of more than 20% while one colour varnish showed almost no change. The situation for the timber products is even more unbalanced; here values between +24% and −5% were determined. Irrespective of the heterogeneous picture there is a calculated growth in sales for the seven selected products of around 12% compared to the previous year.

The development of sales in the course of the project period shows the interesting fact that the timber products experienced the strongest growth in October in comparison with the previous year, and paint and varnish in November. We assume that both are due to the impact of the campaign weeks carried out during these months for the two product groups. However, these tendencies did not continue until the end of the project but levelled off in December. Therefore, it can be said in
In conclusion it can be said that the pilot project with OBI showed positive effects. The objective of addressing the consumer in an adequate way with respect to the topic of sustainability was achieved. The guiding system proved to be a useful aid in providing orientation. However, it also became clear that guiding systems for sustainable products are competing with a large variety of signs and campaigns, at least in large DIY stores. Their impact on sales is, therefore, closely linked to integrating the guiding system into the design concept of the market (Corporate Design). The pilot project was only able to make limited use of the potentials because of its limited financial means and duration.

3. Conclusions and outlook

The project “Guiding systems for sustainable products” has tested new channels of consumer communication with respect to sustainable consumption at the point of sales. The two pilot projects have shown that the methods of traditional sales support are also suitable for promoting sustainable products if the framework conditions are adequate. This is true both for the “classical” point of sale, the shop, and even more so for the online and mail order business. With a comparatively low investment it is possible to increase the sales of sustainable products through adequate consumer communication at the point of sale.

In the workshop “Guiding systems for sustainable products in practise” the project results were discussed with experts from commerce, marketing, consumer and environment protection who arrived at the following conclusions:

1. The project “Guiding systems for sustainable products” has shown how the complex basic idea of sustainable consumption may be implemented by practise-oriented communication between the retailer and the customer at the point of sales, creating a win-win situation for both.
2. Guiding systems support the consumer in identifying sustainable products more easily among the product assortment and buying them.
3. Guiding systems for sustainable products are a tool for retailers which allows them to assume responsibility and to promote sustainable consumption and production patterns.
4. The successful implementation of a guiding system for sustainable products is closely linked to a number of success criteria, e.g. intelligent marketing and an overall design, training of staff, co-operation with NGOs, etc.
5. Implementing the idea of a guiding system in the daily work of retailers is an innovative method to promote sustainable consumption and production patterns in a targeted way. It should be supported by the following activities:
   - Implementation of the guiding system by the project partner
     The two participating companies feel positive about continuing to use the guiding system. OTTO will integrate the guiding system idea into future campaigns. OBI is currently reviewing whether the guiding system can be tested in several stores. This would be the basis for making a decision on implementing the system all over Germany.
   - Development of own guiding systems by other companies
In order to support companies in the development and implementation of a guiding system, a practical guide was developed during the project and it was provided to the relevant players.

In addition to concrete proposals for activities, the guide primarily offers practical criteria for successful implementation of a guiding system for sustainable products in a company.

The guide will be published by the end of March 2005 and it will be available as a free download under www.nachhaltige-produkte.de (in German).

- Campaign weeks for sustainable products

The campaign weeks for the promotion of sustainable products that will take place all over Germany could give an essential impulse for increasing consumer awareness as well as sales of sustainable products in the retail industry. One project in cooperation with the Austrian Federal Government, the retail industry and NGOs already implemented this approach successfully with the title of “Sustainable weeks” during the period from 15th September to 15th October 2004.

The Austrian “Sustainable Weeks” focussed on industry with a relatively large assortment of sustainable products, e.g. food retailers, DIY stores and drugstores. The feedback of the companies has been thoroughly positive. Partners who participated were the companies Rewe (Billa, Bipa, Merkur), Spar, Zielpunkt, ADEG, ZEV/Nah&Frisch, MPREIS, OBI, Hagebau/ÖBAU as well as RWA/LAGERHAUS. In the context of the “Sustainable weeks” these companies for the first time agreed on jointly promoting particularly healthy and eco-friendly as well as regionally produced and fairly traded products, integrating them into their own marketing tools. 32 million letters on the campaign were distributed by direct mailing to households in Austria.

The Sustainable Weeks are scheduled to take place again in 2005. In addition to the industries that had already participated, the electronics sector is to be integrated and the topic of saving energy shall be addressed.

Guiding systems for sustainable products could be a key instrument for implementing such campaign weeks in Germany.