

TRUE COLORS

11 October 2007 - A presentation by Kevin Roberts, CEO Worldwide of Saatchi & Saatchi, to the 7th Annual Emerging Trends in Retailing Conference in Fayetteville, Arkansas, USA. Retailers are central to the sustainability journey because they touch shoppers. It's not enough to be responsible, retailers have to become inspirational. This speech covers the different dimensions of sustainability and ideas to get started with.

Retailers and marketers are in the front lines of the long journey to Sustainability. No one connects with the world like we do. No one has so many touchpoints with consumers. No one has more responsibility for making a difference.

In the store people choose, and in the store we find out what really matters to them; here reputations are won and lost; here experiences captivate or don't; here ideas soar - or crash.

From everything I've heard today, one conclusion is absolutely clear: Being Responsible about Sustainability is today's table-stakes. If you can't bring Responsibility to the game - don't bother to pull up a chair. Being Responsible is not enough. We'll win this one by becoming Inspirational.

People are 80% emotion, 20% reason. "Reason leads to conclusions. Emotion leads to action."

We need fewer words, fewer conclusions and more action. We'll have to attract the heart as well as the head so people want to make the choices that make a difference. This is the most important challenge of our time.

The role of business is to make the world a better place for everyone. Today the idea that business has a key role in our sustainable future is embraced everywhere. But we are all just beginning to learn what sustainability means.

The desire for sustainability has to be part of our dream of a better world. About doing the right thing.

- * It's not just to enhance reputations. Green-washing is the fast track to exposure and humiliation in the market.
- * It's not just to match the claims of competitors.
- * It's not just to give consumers what they want.
- * It's not even to please Wal-Mart!

No one comes first by second guessing.

Do the right thing because that is the way you want to live, that is who you are, that is what you dream about. It's not about selling more stuff. It's about selling the right stuff.

People worry about sustainability in the abstract, but they don't know what to do about it. Is this product natural or organic? Fair trade or local? Approved, certified, standardized? Sustainability's got more categories than breakfast cereals!

Sustainability is something you read about, rather than do anything about. It sounds like something committees and academic journals get into - not a Mom shopping for her family. People don't sustain their families.

They love and protect them. People want to be part of something bigger than themselves. But who cares about sustainability depends on the research you look at.

My experience? What people tell the research vampires and what they take off the shelf can be very different. Beware of the Vampire Version.

Let's start low. If just 10-15% of shoppers make their choices based on sustainability, that is massively significant if everything else is at parity. And increasingly, everything else is at parity.

Our challenge as sustainable enterprises is to:

- * Inspire consumers to make sustainable choices.
- * Be clear about what those choices are.
- * Make doing the right thing fun, happy, engaging, useful, compelling.
- * Convince them to convince their families and friends to take personal, sustained action.

The reality is that:

- * Agreeing on environmental standards is Responsible. Al Gore taking them to the world is Inspirational.
- * Fighting world poverty is Responsible. Joining micro-loan communities like Kiva is Inspirational.
- * Working for a company that is liked and admired is Responsible. Getting involved with a company that wants to change the world is Inspirational.

What do human beings need? Great stories. Compelling icons. Passion. Personality. Emotion. We have to stop talking about problems to be solved, and start talking about full and abundant lives to be lived.

Imagine a world where retailers connect shopping with restoring the planet and communities. Where every purchase is meaningful because shopping well meant doing good. Hear it in Wal-Mart's new line "Save Money. Live Better." It's And / And.

Doing things right is Responsible. Doing the right thing is Inspirational.

I find close parallels between Sustainability today and Quality 25 years ago. At first no one but dreamers thought they could afford Quality, or that Quality was even necessary. The pressure increased and people made token gestures to Quality. Think quality inspections at the end of the process cycle. Today Quality is embedded everywhere - in innovation, production, distribution, marketing. It is part of the flow of the market.

Toyota shows the next stage of evolution. From leading the Quality movement in the 1950s, their relentless spirit now fires their quest for sustainability.

Within a decade, I believe Sustainability will be embedded in the retail industry, in every industry. And it will happen by shoppers making choices, not by legislation or regulation. Command and control won't work for 6.6 billion people. We have to attract and involve them.

The big picture has changed...From Information Economy, Knowledge Economy, Interruption Marketing (aka the Mass Market), Permission Marketing, the Experience Economy, Attention Economy to the **ATTRACTION ECONOMY**.

This shift profoundly changes how retailers, how business, can connect with shoppers, with families, with communities in

the coming decades.

- * Lovemarks create Loyalty Beyond Reason.
- * Lovemarks are owned by the people who love them, not by managers, marketers and shareholders.
- * Lovemarks are about people making the right choices.
- * Lovemarks are built on Love and Respect. Lovemarks keep the pressure on brands because the Respect bar keeps getting higher.
- * Lovemarks are infused with Mystery, Sensuality and Intimacy.
- * Lovemarks take us from Irreplaceable to Irresistible.

LOVE / RESPECT AXIS

- * Low Respect. Low Love. Commodities and utilities. Minerals, gravel, US Airlines.
- * High Love. Low Respect. Fads and infatuations. Gimmicks, promotions, short-term action. As merchants many of you play here brilliantly. Bratz, Paris Hilton (still), distinctive ring-tones.
- * High Respect. Low Love. Where the "e-r" words rule. Faster, cheaper, bigger. Here most effort and investment have gone over the last 50 years.
- * High Love and High Respect. Lovemarks. Simple fantastic experience. Sustainable differentiation. Irresistible appeal.

IGNITING SUSTAINABLE ENTERPRISE

How does High Responsibility and High Inspiration map onto Love and Respect?

- * Low Responsibility. Low Inspiration. Bad sector, bad news. Strip mining, strip malls and stripping down businesses.
- * Low Responsibility. High Inspiration. Those who talk the talk but can't walk the walk. Think Green bumper sticker on an SUV.
- * High Responsibility. Low Inspiration. This is where most of us live. We do the right thing, but no-one's listening. We squeeze our energy efficiency but

shoppers aren't part of the push.

* High Responsibility. High Inspiration. The Sustainable Enterprises that take people with them into a new world.

THE FOUR DIMENSIONS OF SUSTAINABILITY

To be truly sustainable brands have to connect across four dimensions – at the same time. Economic and Environmental and Social and Cultural. The Big Four. There's no either / or.

It's the big And / And / And / And. Work with all four in all their complexity with equal passion. Refuse to make a choice. Forget trade-offs. Pursue Harmony. Find integrated pathways to the future.

#1: THE ECONOMIC DIMENSION

Let's put some color into the sustainability challenge and color economics Blue. Blue for Blue Skies and Blue Oceans. Out of the Red Oceans running with blood into a Blue Ocean of speed, agility and responsiveness. The open waters of innovation and creative new ideas. Long-term economic growth is fundamental to every Sustainable Enterprise.

#2: THE ENVIRONMENTAL DIMENSION

The environment of course has got to be colored Green. Green for growth, regeneration, fertility and nature. Green lights tell us "Go!"

Kofi Annan: "Our fight against poverty, inequality and diseases is directly linked to the health of the earth itself."

To protect our quality of life the world's top scientists believe we have to keep climate change below two degrees Celsius. That's two degrees of separation between us and disaster.

#3: THE SOCIAL DIMENSION

I see the social as Orange. The passion and fire of red, tempered by the spirit and optimism of yellow. The social is how we make and sustain connections among people. Create job opportunities and improved living conditions for everyone. Develop self-esteem through jobs, choices, opportunities and challenges.

At Saatchi & Saatchi we have a guiding spirit. One Team. One Dream. It is our foundation for social sustainability. We are all in this together – shopper, shareholder, manager, checkout operator, grower, designer, truck driver, strategist.

#4: THE CULTURAL DIMENSION

Let's color culture white – all colors together. Culture is the product of imagination. It shapes how we see ourselves and each other. It's how we can attract and retain talent. Win trust. Show accountability and openness.

Culture is how we understand the world around us and the future we share. Culture is created from the stories we tell. As retailers, we are all massive cultural players. We are more than sheds and boxes.

The time for talking is over. It is now time to take another step. To Act Now – as Adam Werbach said – before it's too late.