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Adapting models and frameworks to incorporate TBL-based sustainability

Dr Neil Richardson
Leeds Business School

Thursday 13th July 10:00-12:00



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This presentation supports those who think the TBL should be the thread that runs through sustainability research. It looks beyond the question of why firms adopt sustainability and instead considers how they do so by investigating the changes needed for Business – As-Usual (BAU) models and frameworks. The BAU tools and frameworks are well known to academics and practitioners alike.



Fig 1 UN Sustainable Development Goals (SDGs)

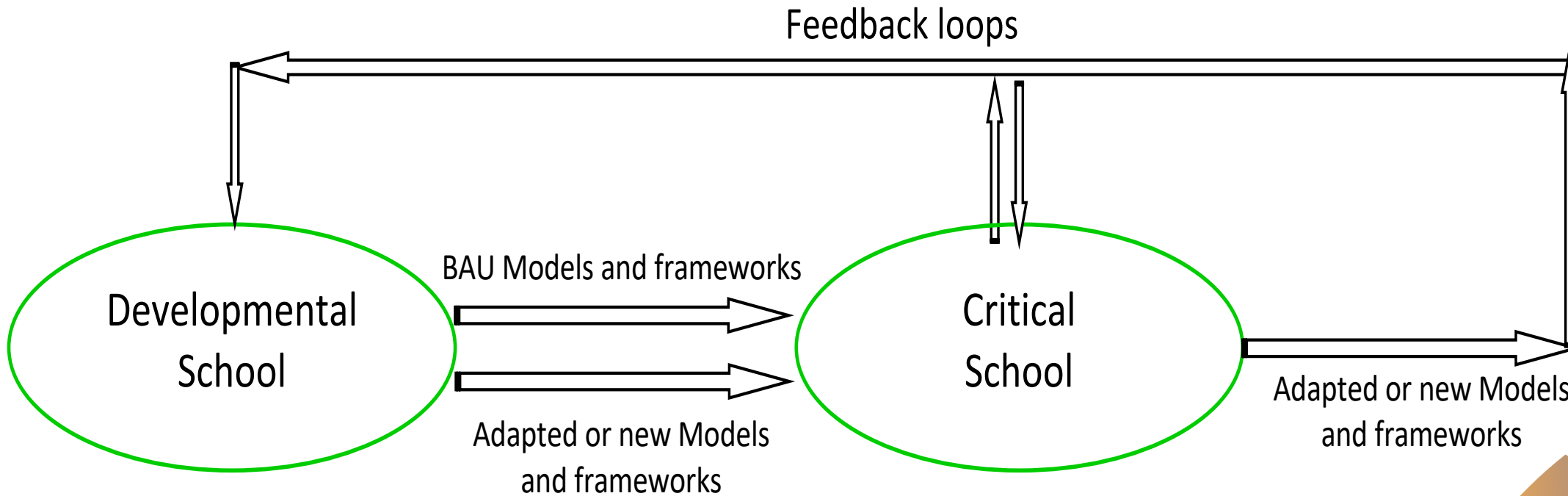


TBL-based Sustainable Development (SD)

research and practice must support the SDGs.



Fig 2 Schools of thought



This paper is located in the Critical School however the adaptation of existing models can build a bridge with the Developmental School. In doing so it encourages Marketers to adopt a reflective critical, approach apropos models and frameworks.

(Richardson, 2022)



Circular Economy

The term 'circular economy' is not attributed to a specific individual or publication. Rather, it evolved from major schools of thought related to the circular economy in the 1970s, gaining prominence in the 1990s. Such 'schools' include

- the functional service economy (performance economy) of Walter Stahel;
- the “cradle to cradle” design philosophy of William McDonough and Michael Braungart;
- biomimicry as articulated by Janine Benyus;
- the industrial ecology of Reid Lifset and Thomas Graedel;
- natural capitalism by Amory and Hunter Lovins and Paul Hawken;
- the blue economy systems approach described by Gunter Pauli

(MacArthur, 2015, p5)

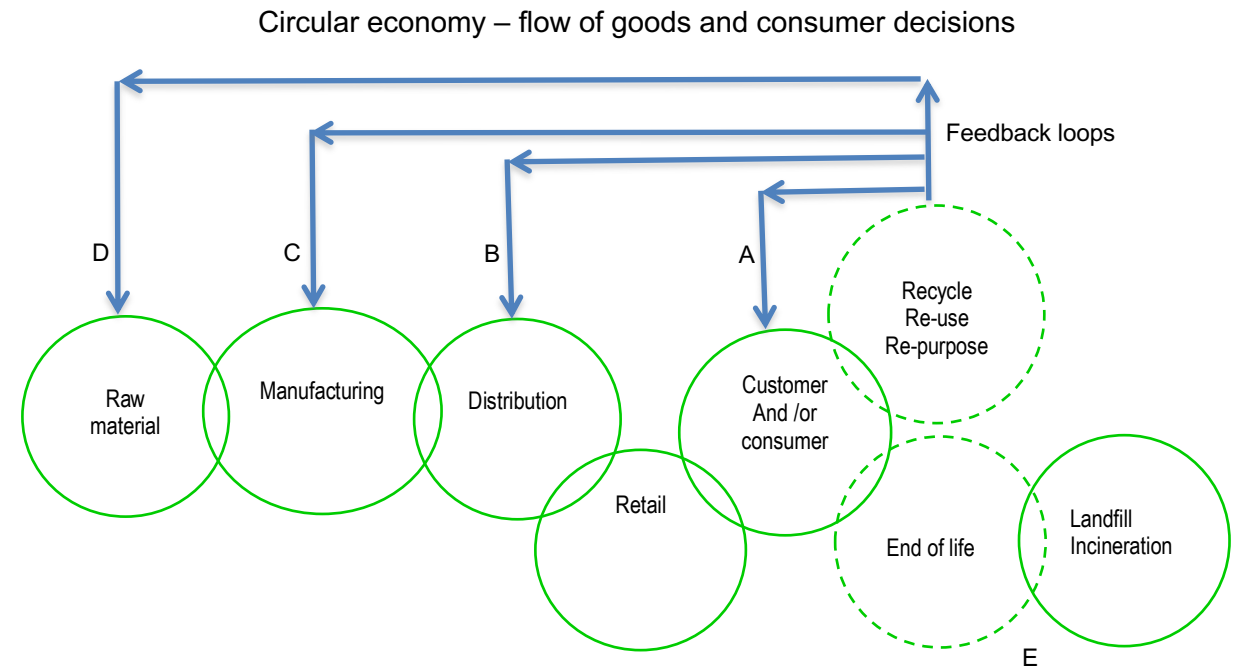


Circular Economy

A circular economy is predicated on the reprocessing of goods and materials. This in turn creates jobs, saves energy, reduces resource consumption and lowers waste. Cleaning a piece of jewellery and using it again is faster and cheaper than recycling the item or making a new one from natural resources. The circular economy rests on three principles,

1. Preserve and enhance natural capital by controlling finite stocks and balancing renewable resource flows.
2. Optimise resource yields by circulating products, components, and materials at the highest utility at all times in both technical and biological cycles.
3. Foster system effectiveness by revealing and designing out negative externalities.

(MacArthur, 2015, pp5-7)



Circular Economy

A study of seven European nations found a shift to a circular economy would reduce each nation's greenhouse-gas emissions by up to 70% and grow its workforce by about 4% (Stahel, 2016).

Realizing a circular economy will take concerted action on several fronts. Research and innovation are needed at social, technological and commercial levels.

Economists, environmental and materials scientists must assess the ecological impacts, costs and benefits of products. Designing products for reuse needs to become the norm

(Stahel, 2016; Geng *et al*, 2019).



Environmental, Social and Governance (ESG) Indices

- Companies self-identifying as sustainable may be found on indices measuring their performance regarding strong Environmental, Social and Governance (ESG) practices.
- Transparent management and clearly defined ESG criteria make indices (see FTSE4Good, Dow Jones Sustainability Index, the Better Business Bureau) useful for investors
- The most rigorous accreditation found in the B Corporation (B Corp) certification (BCorp, 2022).



B Corporation Accreditation

By 2022, 4980 companies, with over 400000 workers in 79 countries across 154 industries have been awarded 'B Corporation' status.

Interestingly, most applications are rejected as applicants undertake a rigorous process (BCorp, 2022) featuring a 200-plus question 'assessment test' based on their size, sector and market.

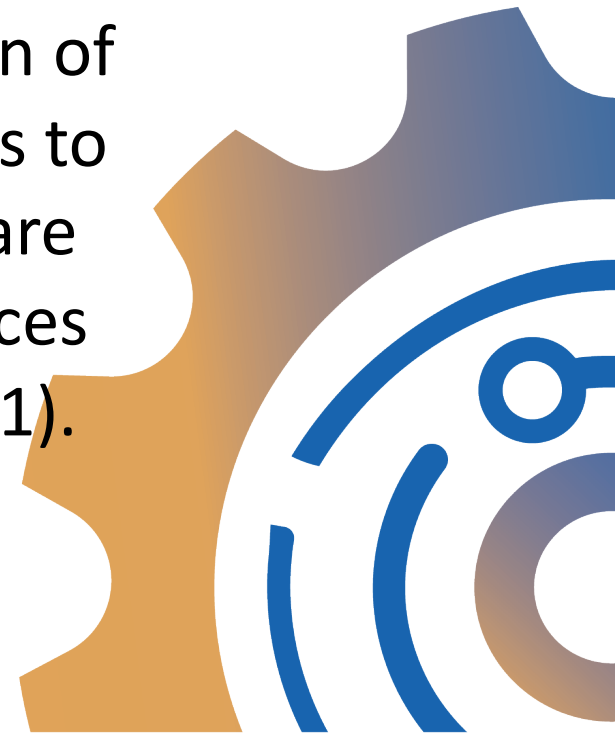
Applicants must disclose past public complaints, fines or sanctions and provide full disclosure of its corporate practices (Marks, 2021).



B Corporation Accreditation

The certification requires the provision of legal protection for directors when considering the interests of all stakeholders (not just shareholders). It requires companies to create additional rights for shareholders to hold directors accountable.

Companies are motivated to do this because a new generation of workers and customers are pushing today's business leaders to consider things beyond just profits. And many smart leaders are responding to the call. The number of companies in such indices (including the 4980 B Corps) is small but growing (Marks, 2021).



Models and frameworks Segmentation



The benefits of segmentation and loyalty programmes are well established however Business-As-Usual (BAU) models, whether online or traditional, only focus on customers' contributions to the 'bottom line'.

Sustainable Development (SD) is inextricably linked to consumers and whilst some studies allude to 'green' segmentation, there are no loyalty ladders or frameworks predicated on Elkington's Triple Bottom Line (TBL).

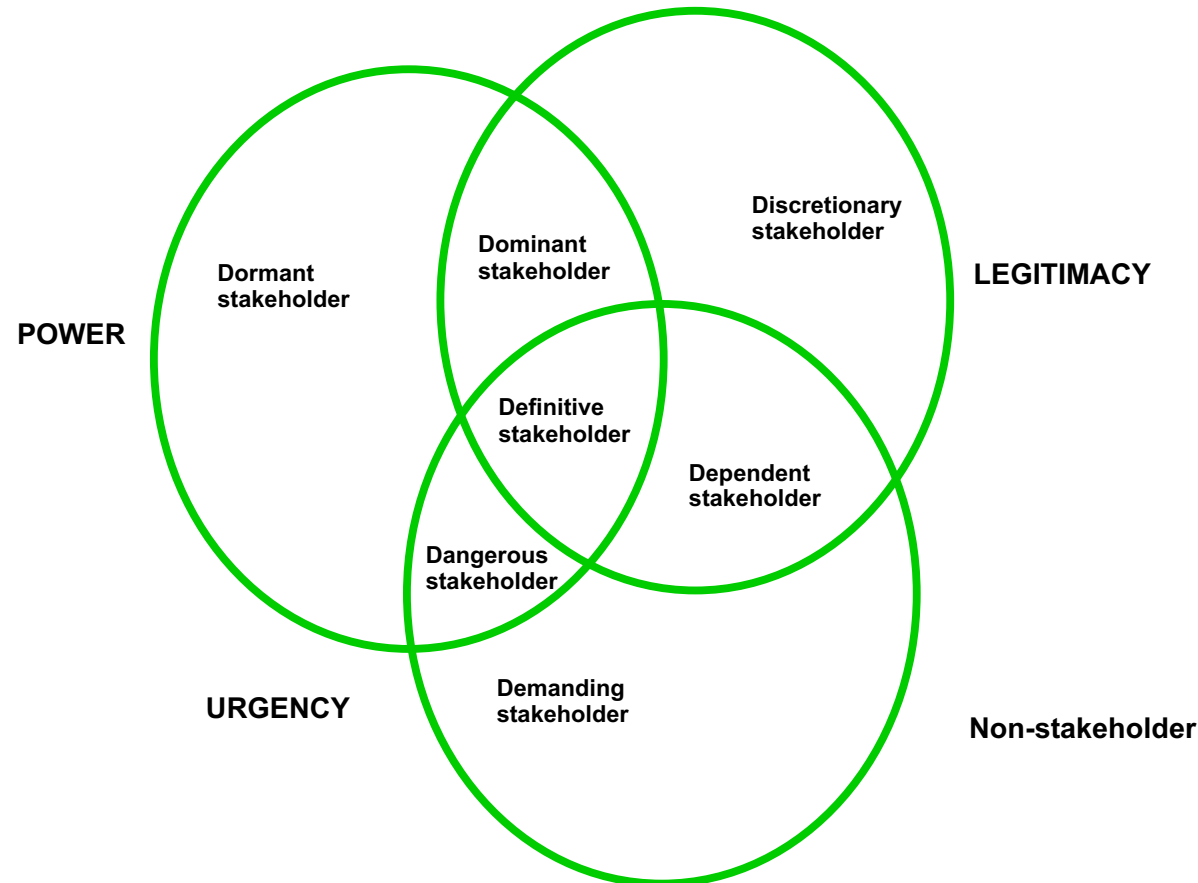
Models and frameworks

BAU Segmentation



Stakeholder typology: One, Two or Three attributes present

(Source: Mitchell et al, 1997, p874)



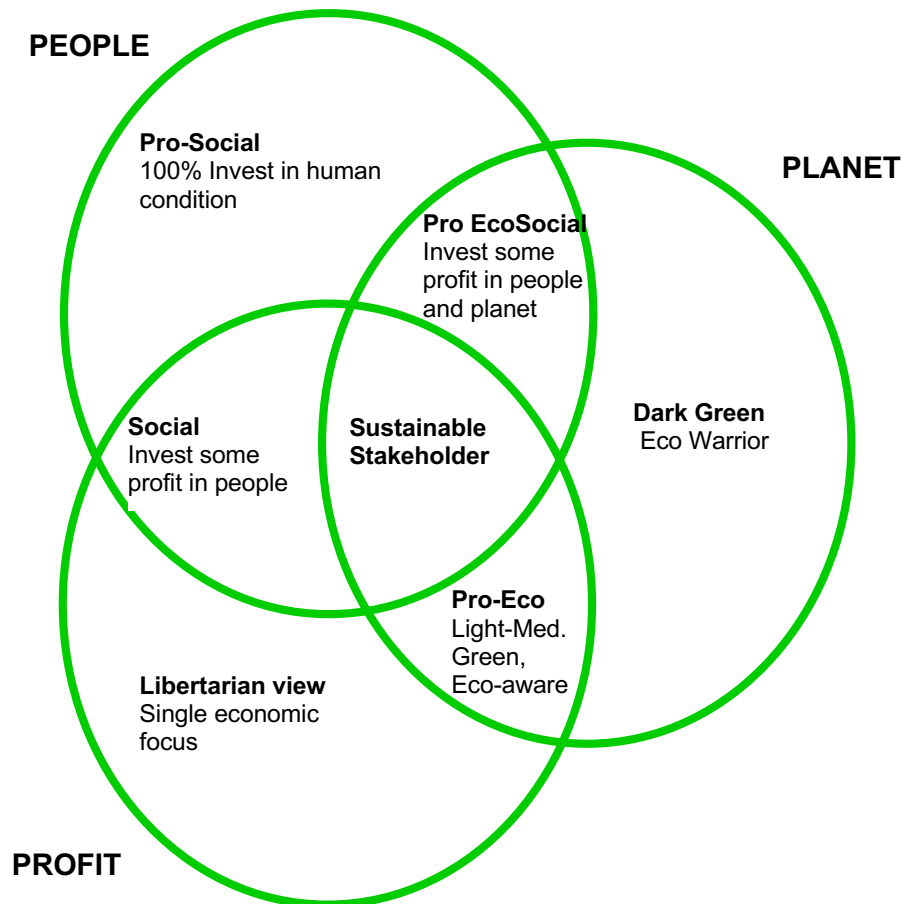
Models and frameworks

TBL Segmentation



TBL-based Sustainable Stakeholder typology

Source: adapted from Mitchell, Agle & Wood (1997); Lorand (2007) & Jackson (2005)



Models and frameworks

Segmentation



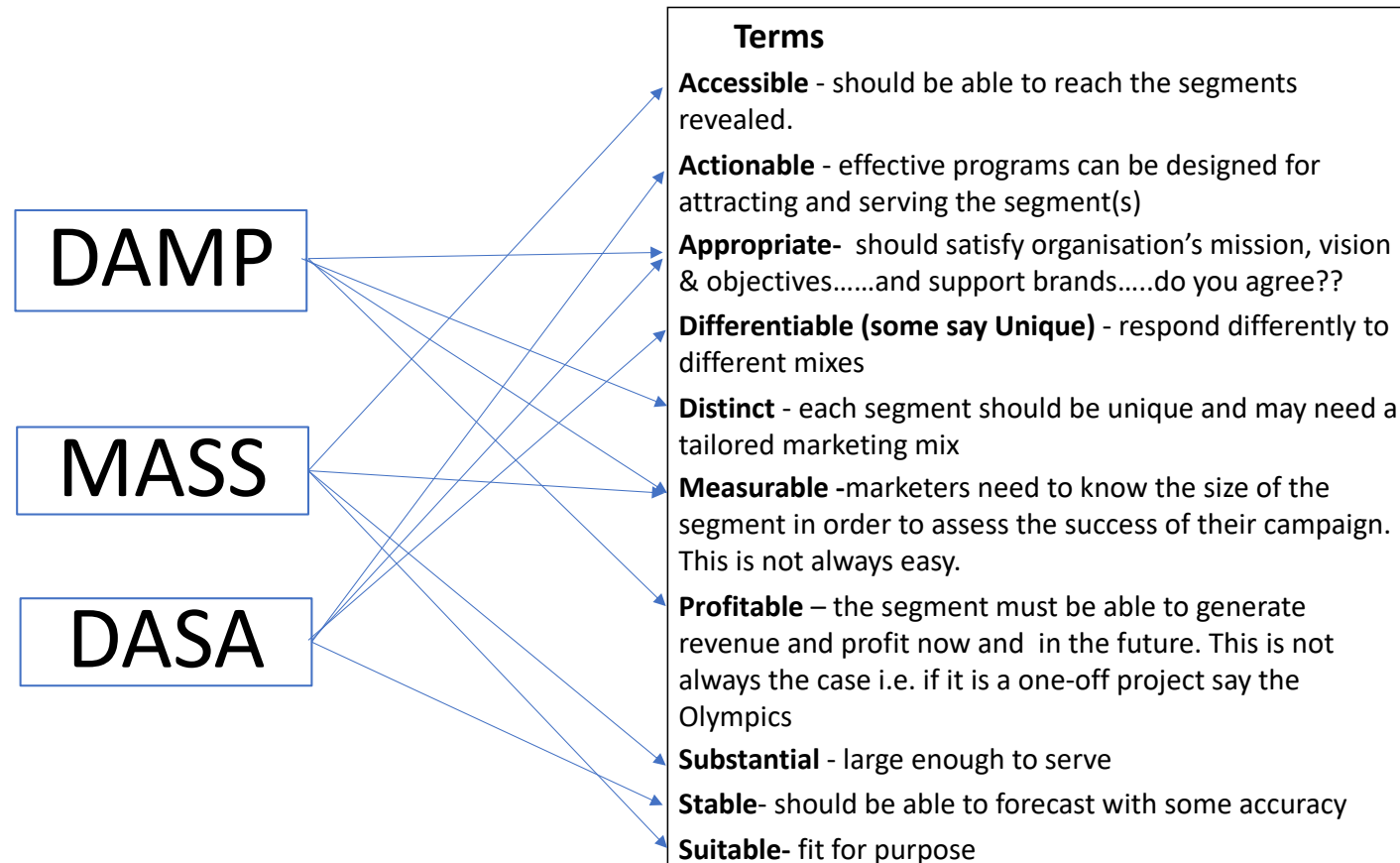
- It is important to recognize that different segments will have unique barriers to adoption and seek different benefits prior to behaviour change).
- Eco-warriors distrust marketer-dominated communications therefore the IMC could use testimonials from green customers, ‘independent’ third-party information (say from Greenpeace) and/or credible celebrities (Young et al, 2010; Richardson, 2015).
- Highly ethical and/or ecological customers would expect a depth of information involving all aspects of the product or service and would be willing to join online communities where they can express their ‘independent’ views (ibid).
- If the segment was deemed Pro-Eco-Social the information credibility would still be a major issue however a balance between ‘green’ and ‘societal’ sources (e.g. Amnesty International

Models and frameworks

BAU Segmentation frameworks



Three widely used BAU Segmentation Frameworks



Models and frameworks

TBL Segmentation frameworks



APPROVES

Term	Comment
<u>A</u>ccessible	The marcomms campaign must be able to access buyers, prospects, influencers ... whether B2B, B2C, B2G etc each segment should be unique and may need a tailored marketing mix.
<u>P</u>rofit	The segment must be able to generate revenue profitably now and in the future.
<u>P</u>eople & Planet	The segment must be willing to buy goods and services where some profit is invested in supporting ethical (or social) practices and invested in reducing ecological harm.
<u>R</u>eturn	Marketers should differentiate consumers by their profitability and their involvement in a category. That helps to prioritize investments in business actions intended to promote segment growth.
<u>O</u>ppportunity	Opportunity considers frequency or depth of use, knowledge or expertise and the amount of money spent (or available) by customers. It considers the time they spend thinking, researching, learning, talking about and shopping for brands.
<u>V</u>alues	The segment should be aligned with the company's mission (or purpose), vision & objectives. These should fit with the brand.
<u>E</u>stimable	Marketers should be able to forecast with some accuracy. The segment must have long-term prospects unless it is for a specific project.
<u>S</u>ize	It must be large enough (or alternatively in small segments the customers must have sufficient disposable income) to provide revenue and profit (RoI) or to achieve other objectives (RoO).

(Source adapted from Richardson, 2020, p183)

Models and frameworks

BAU Loyalty Ladders



Traditional

Advocate-actively promotes brand to others

Supporter-an influencer rather than a customer

Client- a customer who makes repeat purchases

Customer- an individual who purchases your product or service

Prospect- finds the company's offer of interest

Suspect -researches a brand but is not interested

Social media

Evangelist- actively promotes social site to others

'Lead members' or 'Celebrities' – highly active. May influence others

Insiders -seen as experts in specific topics and post regularly.

Devotees- contribute regularly and are beginning to develop social ties

Mingler- mature tourist, perhaps, who posts comments but without any regularity or frequency.

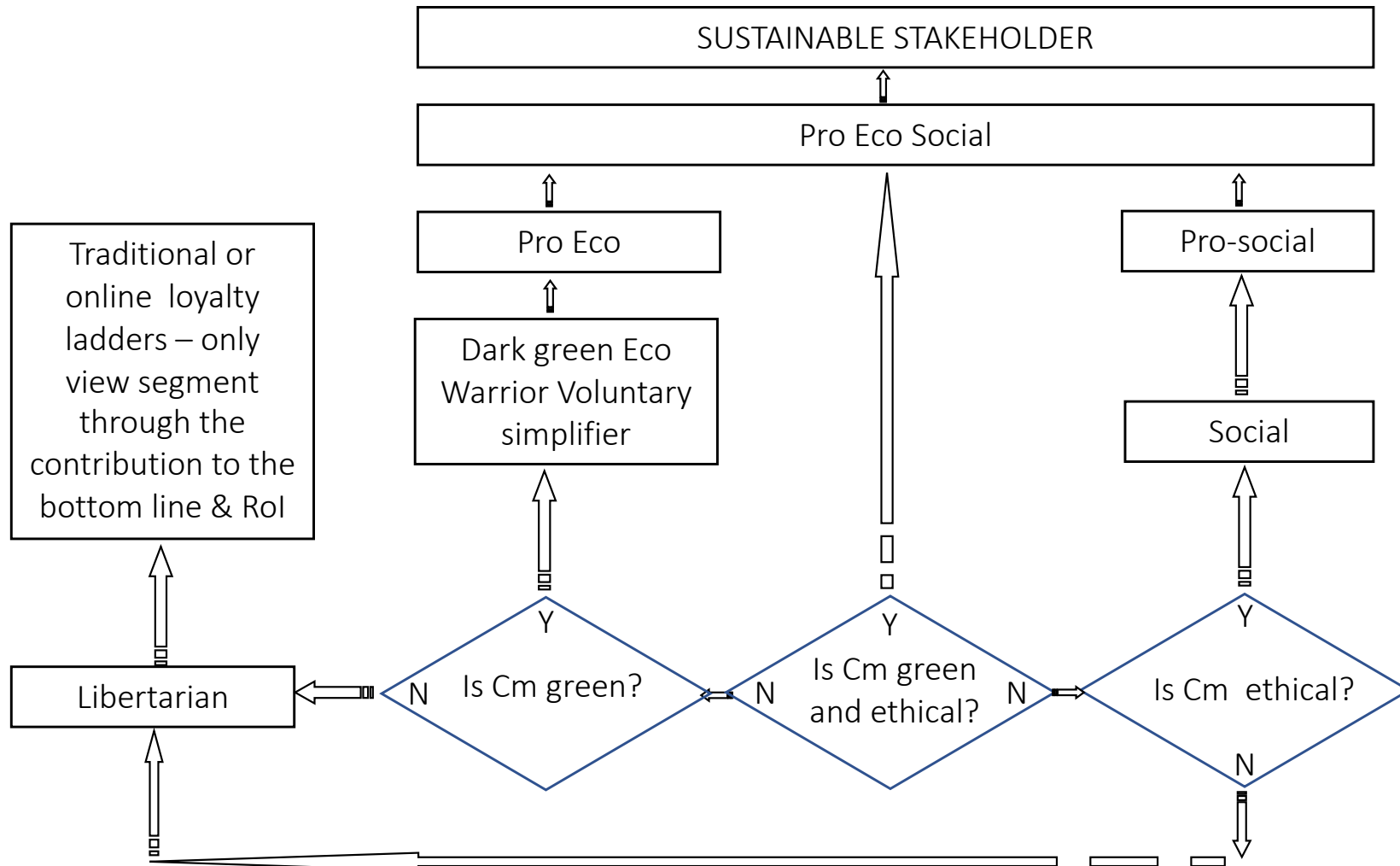
Newby-an individual who has just started to post comments

Tourist-post comments but lacks engagement with the network

Lurker -observes and may join the network

Models and frameworks

TBL Loyalty Ladder



Discussion

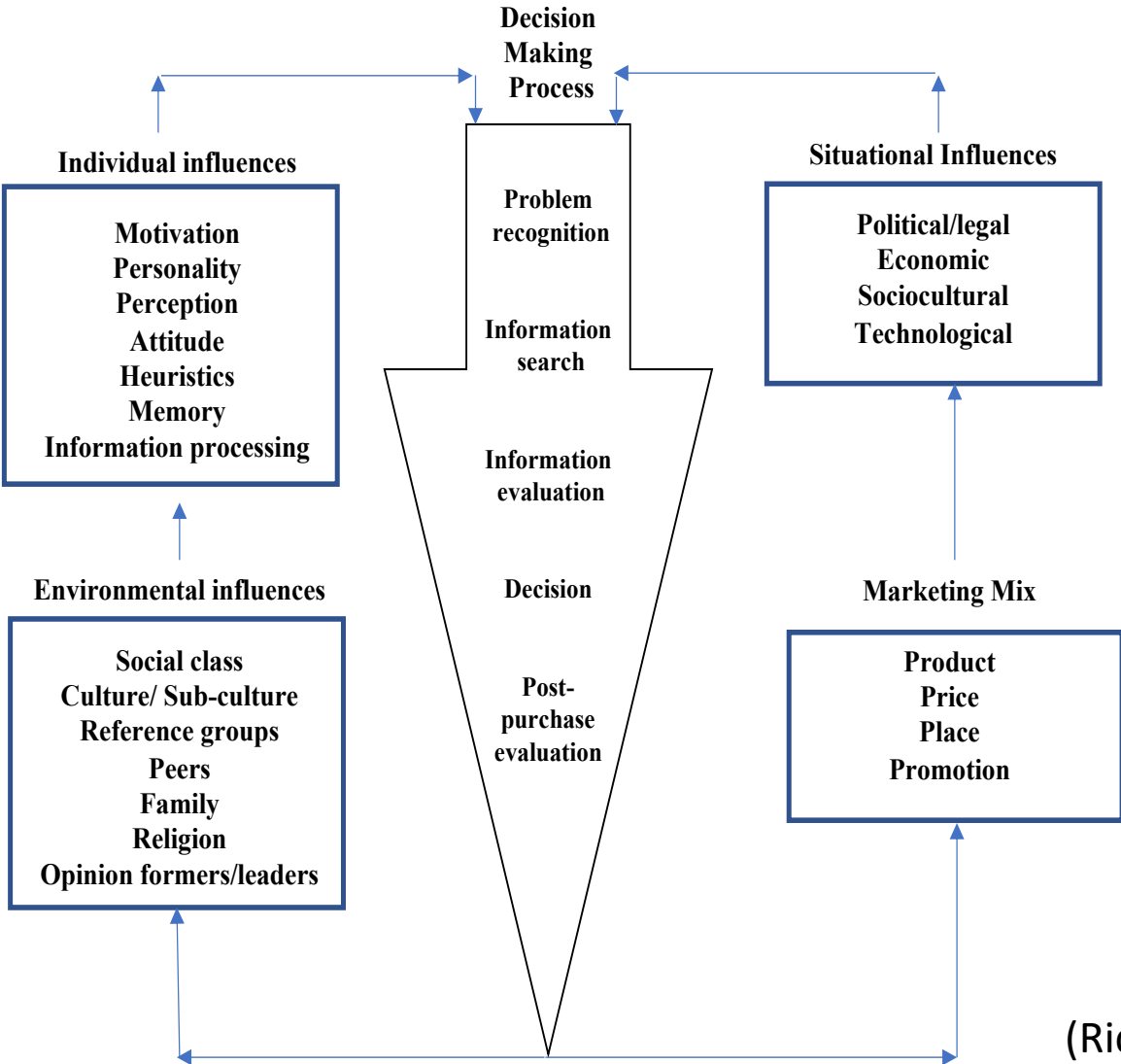


- These instruments can provide insights into relationships, contribute to refined stakeholder communications and indicate area where processes can be improved.
- Improved segmentation will help in the formation of the company strategies and values that are consistent with the assumptions of the SD concept (Rudowska,2018).
- Sustainable solutions require multi-stakeholder engagement and involve making incremental or radical changes to consumption and production patterns (ibid).
- This presentation takes an incremental approach by adapting extant BAU models to create a TBL-based suite of loyalty tools that enables better decision-making. Their creation could act as a springboard for academics and practitioners alike.

B2C Consumer Buyer Behaviour

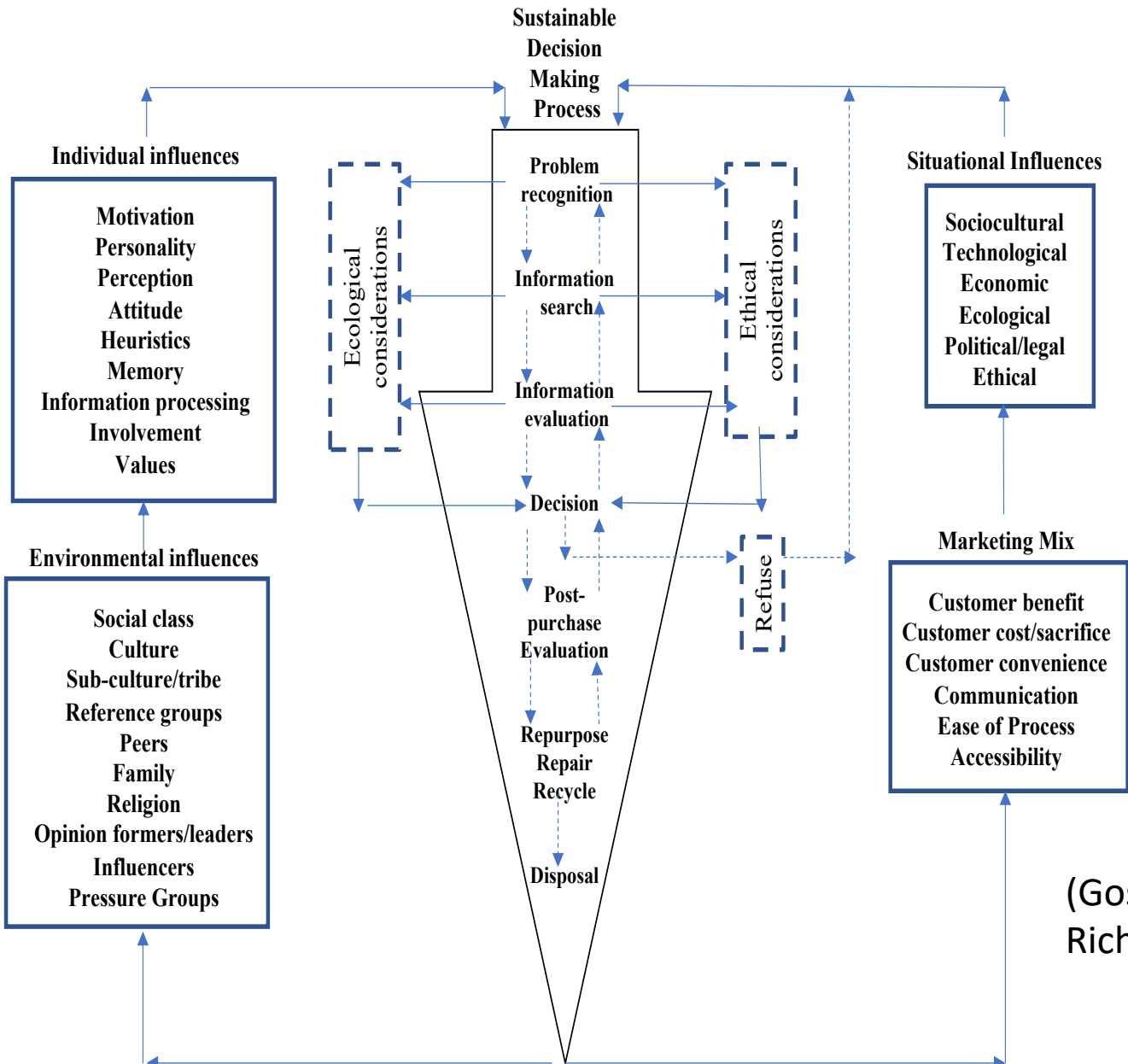
- Organizations must proactively gather information about consumers' interests (Mercadé-Melé et al, 2018) and behaviour (Jackson, 2005).
- Arguably, the most significant shortcoming of the mainstream approach to consumer behaviour is the failure to recognise that “consumption encompasses a range of behaviours that both precede and follow purchase” (Peattie & Belz, 2010, p11).
- Sustainable consumption, unlike its traditional predecessor, does not end at the sale, rather it ends "at the stage of disposal of the side effects, recycling and detritus of consumption" (Rudowska, 2018, p72).

Fig 1 The BAU B2C DMP



(Richardson, 2020)

Fig 1 The TBL B2C DMP



(Gosnay & Richardson, 2023)

The TBL B2C DMP- Discussion B Corp Exemplar



- **Bird** was the first certified B Corp eyewear brand in the UK.
- Dedicated to designing beautiful glasses, their frames are created using the highest quality sustainable materials, including certified woods, bio-based acetate, renewable cork and recycled aluminium, and come with cleaning cloths made from recycled plastic bottles.
- For every pair bought they distribute solar light to families in Zambia and Malawi, replacing the use of fossil fuel burning lamps, through their [Share Your Sun](#) partnership with [SolarAid](#).
- All of their bamboo and wooden frames are compostable, while their laminated wood and aluminium frames can be recycled (Bellini, 2021).



The TBL B2C DMP- Discussion B Corp Exemplar Bird

Bird have clearly addressed the ecological impact of manufacturing their glasses. They only use sustainably sourced materials, including accessories (i.e. cleaning cloths). They support UN SDGs 12 by adopting responsible consumption and production. In supporting Sola Aid they also support UN SDG 3. Clearly, they reinvest profits into People and Planet friendly activities.

It should be fashion magazines, not science journals, that bang the drum about jewellery sharing, leased jeans and rental designer handbags (Geng *et al*, 2019).

Consumers are becoming increasingly ethical and green. Jackson (2005) identified three main societal value orientations as 'self enhancement' (i.e. self-regarding) , 'self-transcendent' (i.e. other regarding) i.e. valuing others or being altruistic and 'biospheric' i.e. valuing the broader (ecological) environment . Biospheric or pro-environmental behaviour involves both purchasing behaviour and non-purchasing behaviour.



The TBL B2C DMP- Discussion B Corp Exemplar

finisterre

Finisterre is an outdoor clothing label providing innovative waterproof and windproof fleeces designed to warm surfers. They use sustainable supply chains and resurrected the British merino wool industry in 2005 to bring manufacturing closer to home. They have a flock of over 300 Bowmont sheep, the only breed capable of producing a fine merino wool with the hardiness to survive the British climate.

The impact on the environment is taken into account, including their garment bags, which are part of their 'Leave No Trace' initiative. The water-soluble bags took over a year to develop and are recyclable, biodegradable and break down harmlessly into non-toxic biomass in soil and sea.

They created a special sea suit, designed to overcome barriers to surfing in countries where modesty laws make access to the ocean difficult for women and young girls (Bellini, 2021).

REMODEL

The TBL B2C DMP- Discussion B Corp Exemplar Finisterre

By tapping into the 'biospheric' values of fashion buyers, **Finisterre** address issues germane to the environment i.e. their supply chain and bags.

They also can be regarded as promoting 'self-transcendent' values as they have catered for the different cultural approaches apropos female bathing.

Finisterre support





The TBL B2C DMP- Discussion B Corp Exemplar Vestiaire Collective

The **Vestiaire Collective** sell pre-owned fashion.

In 2020, they appointed a chief sustainability and inclusion officer

They launched five employee diversity and inclusion task forces, including

- Ethnic diversity,
- LGBTQIA+,
- Women empowerment,
- Disability and
- Equal opportunity.

Clearly **Vestiaire** provide a service that addresses both ethical and environmental concerns. By facilitating the sale of pre-owned fashion, they reduce the need for new clothes (and associated raw materials) and also prevent clothes at the end of their initial life cycle from being sent to landfill.

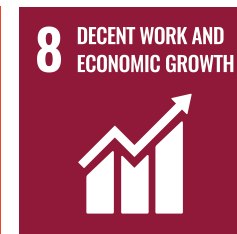
The TBL B2C DMP- Discussion B Corp Exemplar Vestiaire

Clearly **Vestiaire** provide a service that addresses ethical and environmental concerns.

By facilitating the sale of pre-owned fashion, they reduce the need for new clothes, associated raw materials and prevent clothes at the end of their initial life cycle from being sent to landfill.

Many of those driving towards a circular economy will provide such services. This aligns with the Three Rs under 'Reuse' and/or 'Recycle' categories. This could be extended to include 'Repair' and/or 'Repurpose' functions which could generate further employment.

Vestiaire support



The TBL B2C DMP- Discussior B Corp Exemplar



Patagonia, B Corp certified since 2012, is known as an industry leader apropos environmental advocacy and sustainable practices.

They were the first California-based company with B Corp certification and passionately advocate for other businesses following suit in what they refer to as a time of 'sustained environmental and social crisis'.

Their leaders acknowledge how much work there is still to do in the sector and within their own business.

They operate a self-imposed Earth tax, through which they donate 1% of their annual sales to grassroots environmental groups (Bellini, 2021).

The TBL B2C DMP- Discussion

B Corp Exemplar Patagonia

Fashion consumers often deal in general perceptions rather than comparing every detail, so emotive issues such as ethical or green clothing could easily shape decision-making (Mitchell & Harris, 2005).

Patagonia have embraced this concept. They charge premium prices for their clothing, however they go to great lengths to minimise the environmental impact of their clothing range i.e. 70% of its collection uses recycled materials.

Patagonia was named a 'UN Champion of the Earth' in 2019 (Bellini, 2021), the UN's top environmental honour (see UNRIC, 2022).

Patagonia support
(amongst others)





Summary

- TBL-based Sustainable Development (SD) research and practice must support the SDGs
- A circular economy is predicated on the reprocessing of goods and materials. This in turn creates jobs, saves energy, reduces resource consumption and lowers waste.
- Companies self-identifying as sustainable may be found on indices regarding strong Environmental, Social and Governance (ESG) practices
- The most rigorous accreditation is the B Corporation (B Corp) certification
- Insights gained from the B Corp accredited companies support adapting BAU models and frameworks to include the TBL
- There is little research carried out into increasing the adoption of TBL-based sustainability by adapting these tools and frameworks.
- This is evident in most Business Schools where teaching is predicated on the BAU (bottom-line) Loyalty models.
- Clearly this has to change as society strives to become more sustainable.
- This presentation offers coherent arguments for adapting existing models and frameworks to incorporate Elkington's TBL. The TBL-based models herein provide extensive potential for future research

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