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# Sustainable practices: engaging consumers and suppliers



By Grace Segrán

**Coca-Cola Enterprises (CCE) is one firm that knows very well that its environmental and economic impact extends well beyond its factory gates. This starts with the ingredients it needs for its products to the natural resources required to make the packaging, "extending all the way to the people who buy and consume our drinks and handle the packaging," says CCE Europe's Communications Director, Shanna Wendt (YMP Sep '05).**

CCE, the strategic bottling partner for Coca-Cola in Western Europe, has 16 manufacturing sites across six countries in Europe making it a predominantly local business. "People are often surprised when they hear that about 95 per cent of our products are made in the country in which they are sold in Europe," says Wendt, who spoke to INSEAD Knowledge on the sidelines of a supply chain conference here recently.

With companies increasingly being held accountable for the environmental and social practices of their supply chain, how then do they go about engaging consumers and suppliers in their supply chain?

## Engaging consumers

CCE has carried out research into the consumers' perspective on the environment- what they care about, their level of knowledge, and how this influences their purchasing decisions.

"What's clear to us from the available research is a growing interest from consumers for environmental information about the products they are purchasing," says Wendt. "It also confirms that when it comes to food and the environment, consumers find food waste and packaging most relevant. Nevertheless, we have less evidence to pinpoint the best way to communicate this information."

CCE is aiming to encourage sustainable behaviour such as recycling their drinks packaging, and have started putting recycling messages on some of their packs, that is, at point-of-sale. "It's still early days, and we need more time to understand whether this is leading to more sustainable consumption and use of our drinks," says Wendt.

"What we do know for certain is that corporate responsibility and sustainability is one of the top three drivers of employee engagement," she adds. "So, our commitment to sustainability and our communication on sustainability start with our employees. And these employees are consumers, too."

In recent years, CCE has ramped up communication on sustainability across all its sites with the purpose of moving from awareness to involvement.

"We are making progress in the right direction. In a recent survey of employees on our internal communication, 80 per cent told us they knew more about sustainability within CCE, and almost half told us they had changed their behaviour," says Wendt.

## Two diverging trends

Certification is one means to assess the sustainability of a product or business. There are many different avenues today by which products can be certified on different sustainability measures: How was the product sourced? What impact does the product have on the area from which it sourced?

According to Wendt, there is no consistently-agreed approach today for communicating with the consumer about sustainability. Even comparing one product with another is not necessarily helping consumers make choices that are relevant to the way they live. "We think consumers may be interested to know not just the carbon footprints of a soft drink and a steak but how that compares to a car journey or flight, and a shower or bath."

A personal carbon 'allowance' would be one way in which consumers could begin to make sense of the environmental trade-offs between activities, says Wendt. For example, ready-made lamb curry meals eaten in the UK amount to an annual carbon footprint equivalent to 5,500 car trips around the world, but the same meal made at home would have a 20 per cent lower carbon footprint, according to research carried out by Manchester University and funded by the Carbon Trust, the Engineering & Physical Sciences Research Council and the Natural Environment Research Council.

Labelling is one means by which to communicate on sustainability. This could be either the sustainability of the product and packaging, or a specific call to action for consumers in how they use the product. "While it is one way to talk to consumers, it isn't the only way, and our view is that this is not the best way to communicate really complex information," argues Wendt. "Instead we use the web, point-of-sale and events - such as making recycling easier and rewarding at music festivals across Great Britain this summer, to engage consumers on sustainability enabling them to get more information and ask questions."

## **Engaging suppliers**

One of the main concerns of companies who want to operate a sustainable supply chain is engaging suppliers who are based across the world to measure and improve their sustainability performance.

Pierre-Francois Thaler

"This exercise can be very complex due to the cost of auditing thousands of suppliers, and the different environmental and social issues and regulations in each sector," says EcoVadis Managing Director Pierre-Francois Thaler (MBA '99D). "This is even more complex when you realise that the 'sustainability' performance of a product depends not only on the performance of tier one suppliers, but also from all the suppliers (raw materials, transport, etc.) engaged in the lower tier of the supply chains."

In order to address these issues, EcoVadis has launched a collaborative online platform, which allows companies to share the costs of assessing suppliers' sustainability performance, while increasing the reliability of the information. "Our solution combines information technology and data verification by expert CSR (corporate social responsibility) analysts to gather, analyse and score the performance of suppliers on 21 criteria (CO2 emissions, biodiversity, health and safety, corruption, etc), covering 150 industry sectors, and 80 countries," Thaler told INSEAD Knowledge.

The platform allows buyers to identify and reduce risks associated with suppliers' environmental and social practices, while suppliers can use the tool to benchmark their practices with their peers. "We hope that, in the future, sustainability will become a more and more important criterion in the suppliers' selection process," Thaler say, "thus contributing to improvement of practices of companies worldwide."

*The LCA (Life Cycle Assessment) Sustainable Supply Chain Conference was held in London on May 25-26.*

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