Gartner Research

Quick Answer: How to Build Sustainability Trust With Customers

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> Customer cynicism of enterprise sustainability performance risks affects all enterprises, regardless of messaging authenticity. Executive leaders can build sustainable business trust by increasing performance transparency, matching messaging to customer expectations and building partnerships.

Quick Answer

How can executives improve customer messaging to build sustainable business trust?

- Identify misaligned expectations between brand owners and consumers to better understand the product sustainability communications paradox.

- Assess messaging authenticity and transparency to combat consumer sustainability cynicism and build trust. Stress-test each messaging strategy to see whether it will stand up to scrutiny.

- Align the elevation of the messaging to consumers' expectations. Don't feed consumer cynicism by overhyping expected sustainability performance.

More Detail

The Product Sustainability Communications Paradox

Increasing customer sustainability awareness is leading to a more critical appraisal of product sustainability claims. The lack of authenticity, transparency and verifiability of data increases customer cynicism, which even risks affecting brands with authentic messaging. Enterprises also risk feeding cynicism by overhyping and communicating expected sustainability performance.

Poor communication is at the heart of consumer sustainability cynicism, with misaligned messaging and expectations. Brand owners expect to be rewarded for sustainability performance, whereas some consumers may see this as business as usual. Figure 1 outlines the sustainability communications paradox.

Figure 1. Misaligned Consumer Messaging

Product Sustainability Communications Paradox
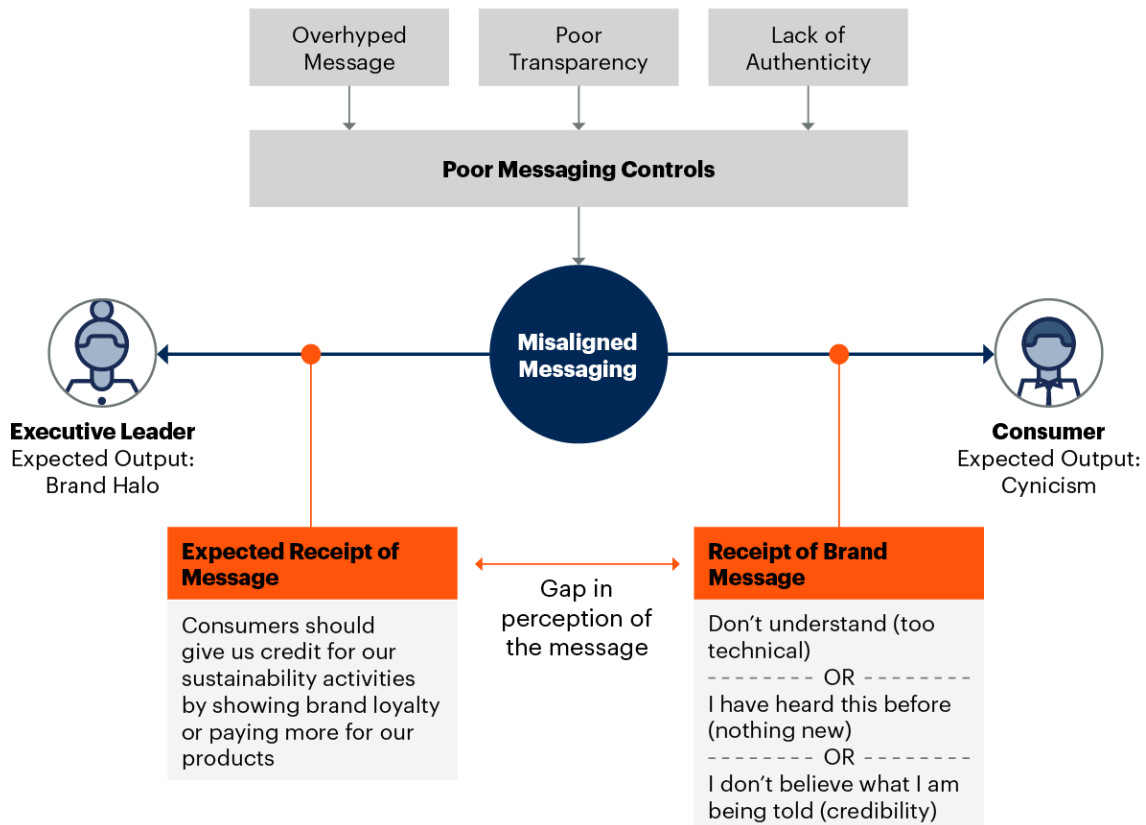
Source: Gartner
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Executive leaders must address this paradox before it becomes a material risk to the enterprise. They must walk a fine line between growth from sustainable product sales and honesty in messaging. Executive leaders must consider the following factors:

- **Demand for sustainable goods** — Customers want sustainable products. Our research shows that in three to five years, 78% of supply chain leaders anticipate customers will intentionally only purchase or order products that are sourced, made, packaged, delivered and destroyed in a socially responsible and environmental way — even if it costs more. [1]

- **Scrutiny of sustainability messaging** — According to the European Commission, 42% of "green online" claims were exaggerated, false or deceptive and could qualify as unfair commercial practices under EU rules. [2] Enterprises must act to authentically communicate their product sustainability message.
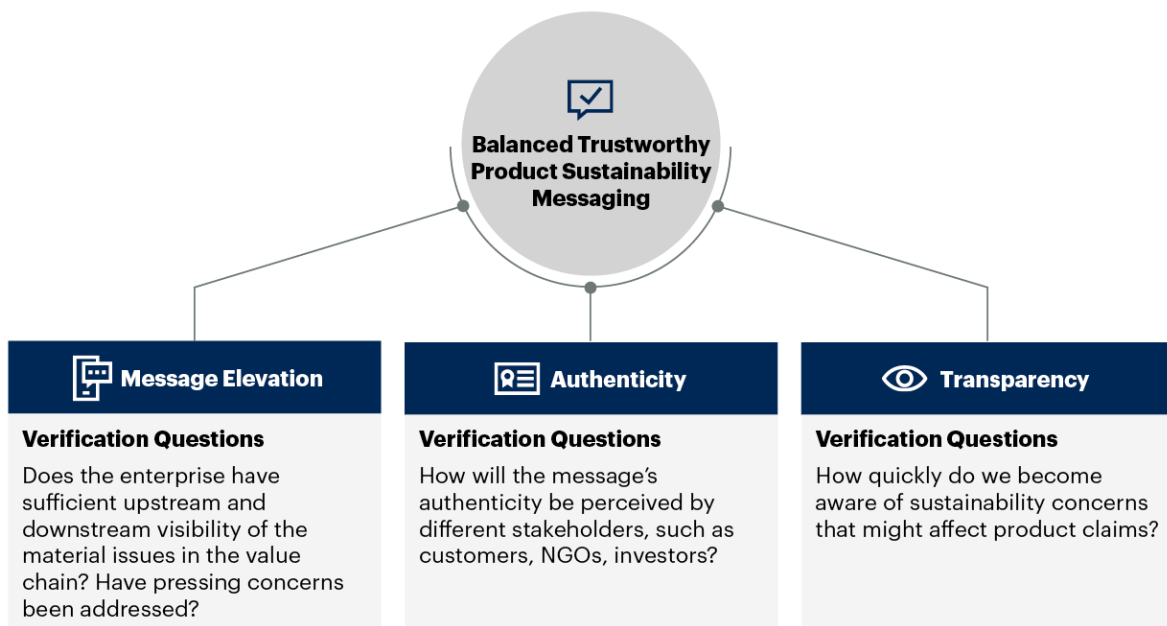
Three Strategies to Address the Sustainability Communications Paradox

Enterprises can still construct authentic product sustainability messaging to combat the sustainability communications paradox.

Executive leaders should start by segmenting customers and understanding the drivers for sustainably-aware consumers. They should also check and review brand messaging over time. This task ensures the truthfulness of the enterprise's messaging does not drift. Figure 2 shows the tests organizations should apply to their messaging to combat the product sustainability communications paradox. This test includes questions around messaging authenticity, transparency and elevation of the message.

Figure 2. Remedy Actions for the Product Sustainability Communications Paradox

Action to Remedy

Balanced Trustworthy Product Sustainability Messaging

Message Elevation	Authenticity	Transparency
Verification Questions Does the enterprise have sufficient upstream and downstream visibility of the material issues in the value chain? Have pressing concerns been addressed?	**Verification Questions** How will the message's authenticity be perceived by different stakeholders, such as customers, NGOs, investors?	**Verification Questions** How quickly do we become aware of sustainability concerns that might affect product claims?

Source: Gartner
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Build Authenticity

- **Risk:** Trust in traditional experts (academics and government officials) has declined. [3] **The internet has led to the democratization of data, but not necessarily of agreed upon truths.** For organizations, the competition for clicks, likes and shares, as well as the temptation to push the boundaries of the truth, are ever present.

- **Example of Action:** HP Inc., an American information technology company, partnered with the World Wildlife Fund (WWF) to expand its sustainability activities. James McCall, HP's chief sustainability officer, said: "We live in a digital world, but some customers innovate better when they can see and touch their ideas through printed media. We want to enable people to both print and protect forests at the same time. By partnering with WWF and others to protect over one million acres of forest, we are able to help compensate for someone else's footprint even though we don't have control over it."

- **Executive Leader Actions:** Executive leaders can address the authenticity risk by fact-checking data and sources for reliability. They can test customers' perception of the message through focus groups, and adjust the messaging accordingly. Executive leaders increase the credibility of action through third-party collaborations and audits.

Create Transparency

- **Risk:** Expectations for enterprise transparency across the value chain continue to increase. Legislation and consumer expectations are driving this increase. Consumers expect visibility of material issues in the enterprise as well as throughout the value chain.

- **Example of Action:** Everlane, an American clothing retailer, provides supply chain transparency by naming the partner factories, outlining supply chain due diligence and providing insight into operating conditions. The enterprise also provides transparent product costing. [4]

- **Executive Leader Actions:** Executive leaders should leverage existing data to substantiate messaging. Research shows that 58% of supply chain leaders are investing in transparency and traceability metrics to enable their strategy. [1] Enterprises may have the data, but it may not be applied to consumer messaging. Executive leaders can enhance the enterprise's credibility by using third-party certification.

Identify Misaligned Messaging

- ▪ **Risk:** Enterprises may risk overinvesting in communicating entry-level sustainability goals. This overinvestment may lead to customer disengagement and cynicism rather than the desired brand "halo effect." This risk can be summarized as communicating the right message, at the right elevation, at the right point in time during the buying journey. Messaging must also be refined to the customer demographic. More importantly, misaligned messaging can also lead to undesirable legal proceedings or litigation.

- ▪ **Examples of Action:** Walmart, a large retail corporation, was forced to pay nearly $900,000 in civil penalties for mislabelling products as biodegradable or compostable. [5]

- ▪ **Executive Leader Actions:** Executive leaders should use focus groups to understand the sustainability data needed at different points in the buying journey to support decision making. They can assess the ease of access of this data and take the time to review the elevation of the message. Overmessaging and communicating basic sustainability expectations will lead to disengagement.

Recommended by the Authors

Sustainability: A Customer Priority and Provider Imperative

Growing Demand From Consumer Goods Manufacturers for Environmental Sustainability Solutions

Customer Goods Trends: Environmental Sustainability

Evidence

[1] **Future of Supply Chain Research:** This research draws on analysis of our 2021 Future of Supply Chain Survey, fielded from August 2021 through October 2021, which surveyed 983 supply chain leaders at Gartner client organizations across 10 major industries and four regions. Respondents were asked to rate the changes that will most likely shape the supply chain's reality in the coming years across the three sections — changing customer expectations, changing future of work and changing enterprise expectations — and the extent to which they expect their organizations to invest in them.

[2] Screening of Websites for 'Greenwashing': Half of Green Claims Lack Evidence, European Commission.

[3] Edelman Trust Barometer 2021, Edelman.

[4] Everlane.com

[5] 'Greenwashing' Costing Walmart $1 Million, Environmental Leader.

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