

## Strengthening Corporate Reputation Through Environment Sensitivity



With sensitivity towards environmental concern growing in business communities, sustainability is echoing across corporate corridors like never before. Organizations demonstrating heightened environmental commitment in their areas of operations through optimum use of natural resources, pollution control measures, waste management practices, and energy and water conservation are winning the trust and loyalty of stakeholders – regulators, investors, clients, consumers, employees, and more.

For instance, investors are driving sustainability focus by asking companies relevant questions. “Do you have a sustainability strategy in place?” “What is your contribution to the planet?” So much so that they’re willing to ramp up their investments in environmentally conscious companies. Millennials, on their part, are keen to understand the environmental impact of the products they consume and the brands they engage with.

The widespread impact of climate change, a steadfast global movement to achieve net zero goals around 2050, and a strong narrative towards a green planet have taken centre stage in boardroom discussions too.

Despite these developments, one tends to wonder whether these are meant for media headlines and corporate optics or if there is a meaningful impact at the ground level in tangible terms.



When businesses broaden their ownership of environmental responsibilities, their reputation moves several notches higher.

Hence, some questions arise:

- ⌚ Are the end customers (retail and institutional) as sensitive?
- ⌚ Are their buying decisions influenced by the environmentally sensitive initiatives of companies?
- ⌚ Should organizations proactively communicate the sustainability roadmap that establishes them as responsible and not just a tick-in-the-box player?

*Eminence Strategy* believes that an organization's adherence to green practices and how well it fulfills its responsibilities towards the planet influences its reputation. To understand the tangible outcomes of sustainability initiatives and find answers to the questions outlined above, *Eminence Strategy* conducted an extensive study on how various stakeholders are associating themselves with environmentally sensitive companies.

Through an all-India study covering over 1500 respondents, it concluded that all stakeholders, be it customers, institutional investors, employees, or regulators, displayed a strong preference for environmentally conscious organizations. This holistic study was conducted through various methods like on-ground survey questionnaires and focused group discussions with a curated sample of industry and domain experts. Opinions and feedback shared by participants indicate a shift in perception and affinity towards companies displaying environmental consciousness.



## Observation Highlights



### **Nearly 90% of the respondents are keen to associate with companies that are environmentally sensitive**

Stakeholders pay attention to the efforts of companies that foster environmental care and protection and are keen to associate with such firms accordingly.



### **Qualitative insights reveal that the Indian consumers are willing to pay extra for environmentally friendly products**

Consumers are aware and accept that making environment-friendly products or service will entail a higher cost and they are willing to support the price rise for the greater good.



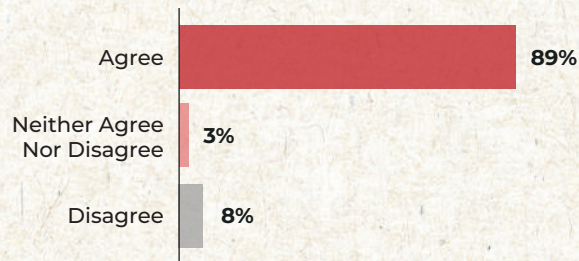
### **Institutional investors & clients are treating environment sensitivity as a prerequisite for association**

Owing to increasing regulations & acceptance around sustainable goals, institutional investors and clients are laying ground rules of association, failing which companies may lose the potential investment and business opportunities.

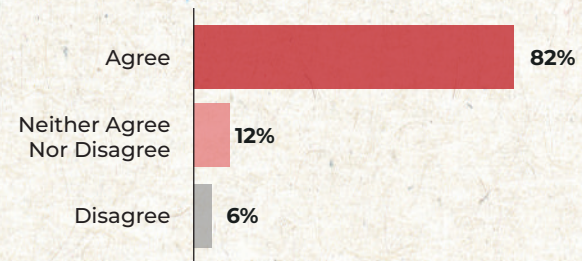


# 1. Majority of the respondents are keen to associate with companies that are environmentally sensitive

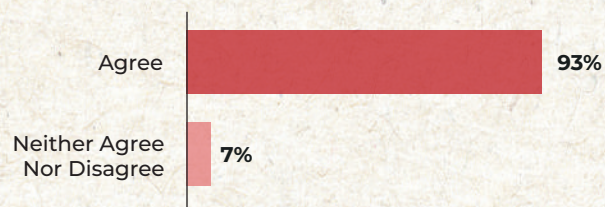
**89% agree** to buy environment-friendly products



**82% strongly agree** to pay attention to the efforts of companies towards environment-friendly initiatives



**93% strongly agree** that everything is equal, and they will choose to associate with a company that is more environment sensitive



**Millennials and Gen-Zs want to work for companies that are committed to the environment. Companies must communicate to their existing and prospective employees that they care, not just for their people but also for the greater cause.**





## 2. Qualitative insights reveal that Indian consumers are willing to pay extra for environmentally friendly products

Three key drivers lead this behavior:

Visible impact of climate change and increased awareness around environment consciousness.

Aspirations to use environment-friendly products and contribute to a cleaner world at respective levels.

Extensive information flow enables stakeholders to make informed decisions.



**In this 'always on' fast-paced world, the existence and relevance of an organization are highly dependent on the perception it creates amongst stakeholders. Subtle elements of differentiation go a long way in building corporate reputation, enabling organizations to charge a premium. Focus on sustainability is one such differentiator.**



### 3. Institutional investors & clients are treating environment sensitivity as a prerequisite for association

#### Special funds are being allocated by institutional investors for sustainability practices

Investment decisions are made based on commitments like carbon footprints, ESG practices, and UN Sustainable Development Goals. Large institutional investors have developed a dedicated vertical on the impact their investments are making and it is motivating corporates to demonstrate their commitment to the environment to stand out from the pack. A similar trend is being observed amongst lenders as well. Impact lending and green lending are becoming mainstream. Domestic and International regulations are getting shaped accordingly.



#### The sustainability drive of institutional clients is reflected in servicing companies




Nowadays, businesses are perceiving themselves not just as profit-maximizing ventures, but as responsible entities entwined with society. Business leaders are aware that indifference to the environment can push back stakeholders, and they can't allow unregulated, 'profit at any cost' projects to threaten the ecological balance. Understandably, they want to associate themselves with suppliers and vendors who too aspire to be vanguards of environmental conservation. A realization has dawned that the self-serving nature of capitalism has no place in contemporary society.



**According to 95% of the experts, environmental sensitivity ranks high on institutional stakeholders' priority and decision-making yet there are roadblocks.**





## Some of the concerns highlighted by experts

### **Inadequate Infrastructure**

#### **India still lacks infrastructural readiness**

For instance, to start using alternate clean energy, manufacturers require a dedicated space for storage, temperature and pressure conditions, manpower, technology and more. Each of these cannot be scaled up overnight. Instead, they need years of planning and implementation.

### **Cost Sensitivity**

#### **Investments in infrastructure & technological upgrades is significant**


Companies need to be prudent to factor in cost-benefit analysis while implementing sustainable practices. Customers are always price sensitive. While they are willing to pay extra, it should commensurate with the cost.

### **Reactive Approach**

#### **Regulatory push continues to be the bigger driver than proactive commitment**

Sustainability commitment cannot be driven by individual preferences. It requires a collective act. There's more acceptance of sustainability practices following greater awareness levels. However, given the infrastructural challenges, it still requires a regulatory push.





## Greenwashing Concerns

### **Commitment without any action emerged as one of the key areas of concern.**

Participants highlighted various companies whose claims were words without tangible actions. Such a casual approach possesses a serious threat to companies' reputations. An extensive amount of data and information is available on the internet to assess the green practices of companies.

This data easily highlights digressions. Companies thus lose brand value and credibility in the market, damaging their reputation severely.

*\*Greenwashing is the process of conveying a false impression or providing misleading information about how a company's products are more environmentally sound.*



## Conclusion

The study indicates an evident shift amongst all stakeholders of an organization. While a preference for an environmentally sensitive world is obvious, there are roadblocks like inadequate infrastructure, cost sensitivity, and the need for regulatory push. This presents an opportunity for corporates to define a strategic roadmap towards their commitment to environment along with tangible consequences for the stakeholders.

All stakeholder groups are focused on the cause of protecting the planet and doing their bit. Organizations that are responding with clear actionable and measurable outcomes, thereby enhancing stakeholder experience, can build a differentiated reputation. The drive towards clean energy and responsible operations is a meaningful branding and communication tool, especially keeping in mind the millennials and Gen-Zs. They associate themselves with companies that are committed to the environment.

In the years to come, the success of an organization will depend on how efficiently it achieves a balance of price, product mix, and protection of the environment. A well laid out, milestone-based roadmap coupled with consistent impact-led communication will aid substantially in building and enhancing corporate reputation.



*Eminence* is a strategy consulting company focused on reputation. We build, establish & protect reputation through stakeholder engagement. We operate under two verticals:

### Research-Based Consulting

- ☐ Competition & Industry Benchmarking
- ☐ Customer Delight Enhancement
- ☐ Partner's Advocacy Research & Planning
- ☐ Employer Branding

### Implementation of Positioning Strategy

- ☐ Identifying the Positioning
- ☐ Defining the Value Proposition
- ☐ Implementing the Digital Media Public Relations and Content
- ☐ Marketing Strategy
- ☐ Policy Writing
- ☐ Reputation Roadmap Designing

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+91 98339 81100



info@eminencestrategy.com



www.eminenceonline.in