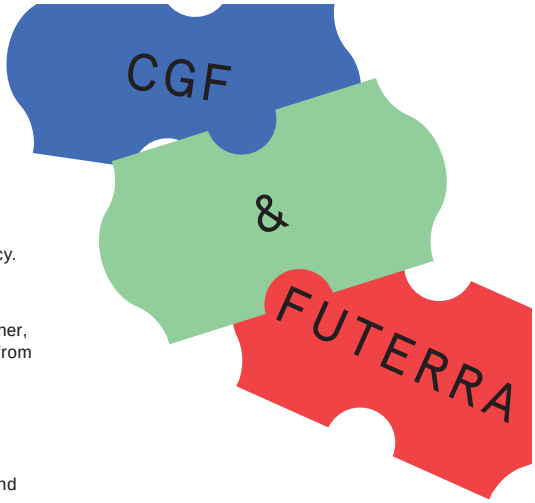
Vol. 01
The Honest Product
CGF x Futerra



The Consumer Goods Forum and the change agency Futerra have joined forces to investigate the cutting edge of transparency.

This guide includes new market research with consumers in 7 countries. We also surveyed over 70 companies worldwide – members of The Consumer Goods Forum and of our survey partner, the Chartered Institute of Marketing – and interviewed leaders from both global and small challenger brands.

In the following pages we delve into what those businesses and consumers agree is the most important topic of transparency: the impact of products themselves.

This Honest Product Guide is designed for business leaders, brand owners, marketers, experts and changemakers seeking to solve the crisis of trust between companies and the consumers they serve.

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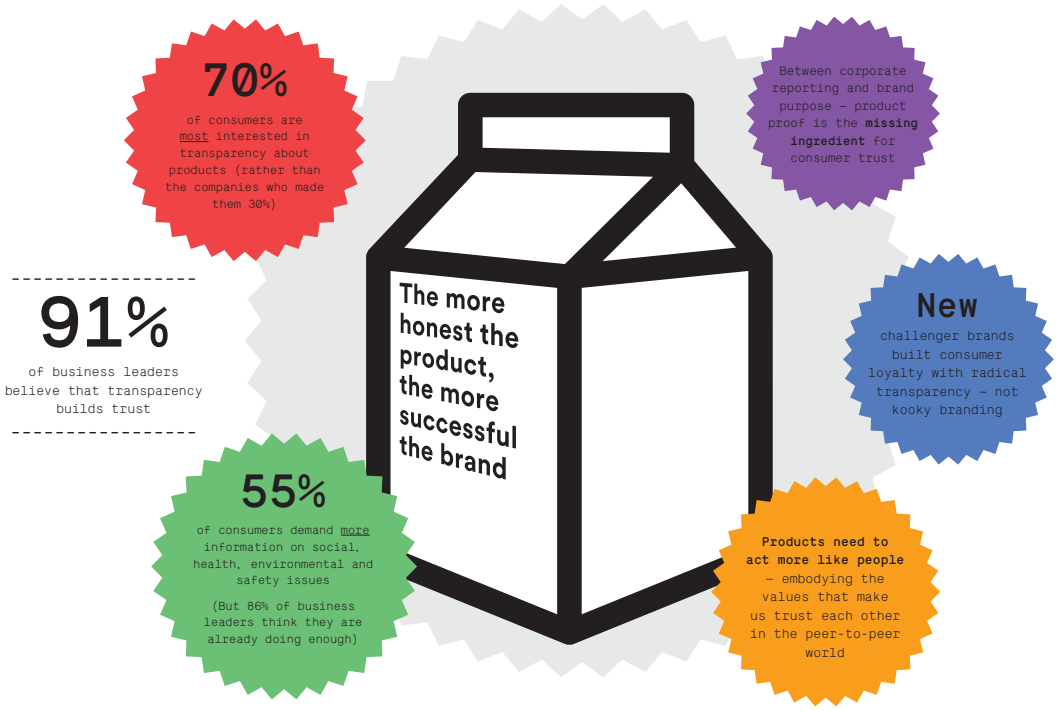


Source: CGF/Futerra expert survey, July 2018.
Respondents: Corporate experts from 70+ companies in 26 countries.

We asked a global audience of corporate members of The Consumer Goods Forum and members of the Chartered Institute of Marketing about transparency across a range of issues.

92%
agreed that consumers are interested in transparency on social, health, environmental and safety issues.

90%
said that consumers are more interested in transparency about these issues than they were 5 years ago.

95%
believe that consumer interest in transparency about social, health, environmental and safety issues will increase in the future.

Source: CGF/Futerra expert survey, July 2018.
Respondents: Corporate experts from 70+ companies in 26 countries.

Migros Ticaret

“For the last five years, we have seen an increasing number of consumers wanting to know what is in their products, how ingredients are sourced, how good it is for them in health terms, and whether the product is sustainable. Younger generations are much more demanding about what they consume.”

Ethem Kamanlı, Group Manager, Supply Chain Solutions, Migros Ticaret

Ajinomoto

“We are aiming for consumer trust. Whatever the consumer tells us they need, we’ll provide transparently in order to drive that trust.”

Yukiko Takatori, General Manager for Science, Global Communications Department, Ajinomoto

Danone

“Consumers today – mainly early adopters – are looking at what and who is behind the brand: how is it made and what’s in it? This is already happening. The question is, how do we do it?”

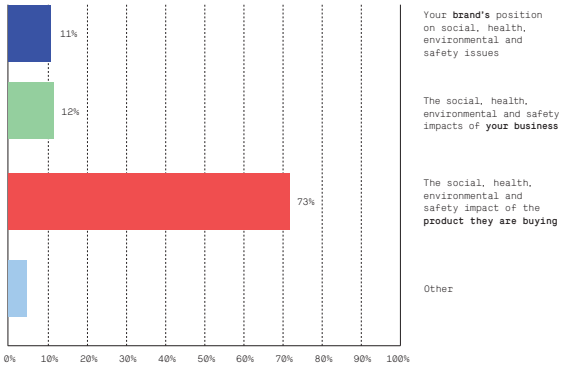
Isabelle Grosmaitre, Alimentation Initiative Catalyst, Danone

Transparency is a big deal. But is all transparency created equal?

Transparency comes in many forms, from corporate reporting to brand positions. Which is most compelling for your consumers?

Corporate expert survey

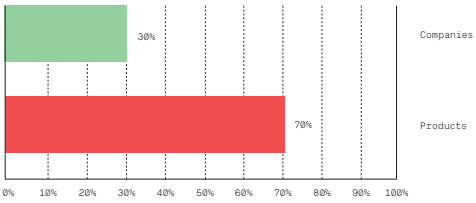
Which areas are consumers most interested in transparency about?



Source: CGF/Futerra expert survey, July 2018.
Respondents: Corporate experts from 70+ companies in 26 countries.

Consumer survey

Are you most interested in hearing about the social, health, environmental and safety impacts of the products you buy or the company that makes them?

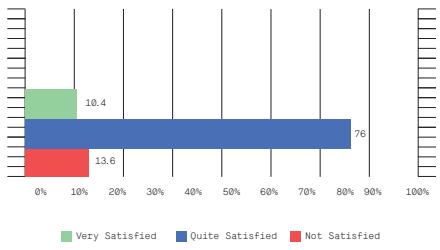


Source: CGF/Futerra consumer research, October 2018.
Respondents: 3,621 consumers in 7 countries.

Product transparency isn't new. So, how well are we meeting consumer needs?

Corporate expert survey

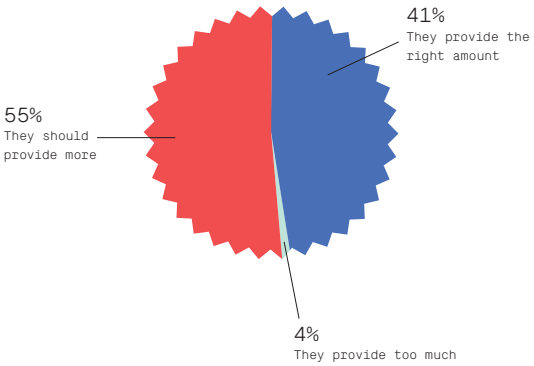
How satisfied do you think consumers are with the transparency of social, heath, environmental, and safety issues from your product?



Source: CGF/Futerra expert survey, July 2018.
Respondents: Corporate experts from 70+ companies in 26 countries.

Consumer survey

Do the products you buy provide enough information on social, health, safety and environmental issues?



Source: CGF/Futerra consumer research, October 2018.
Respondents: 1,000 consumers in the US and UK

The problem for products in a post-truth age

The problem for products in a post-truth age

It has become a corporate truism that consumers no longer trust business. Numerous conferences, research articles and annual barometers are spent considering the problem and how to resolve it. But the consumer-corporate trust dynamic is not an isolated phenomenon. Instead, it's just one aspect of a grand arc over the last century that can be called 'the death of deference'.

In 1950, only 50% of the global population could read. Information was closely guarded and social customs ingrained deference towards those who had been born to, or educated for, leadership. Doctors, priests, police and even politicians were considered to have a higher moral standing than the average person, supported by knowledge and power that was inaccessible to others.

This was the atmosphere into which the modern brand was born. The 'big box' brands became trusted household names whose logos alone inspired trust - and even deference - from the main purchasers of food, home, and personal care products: poorly educated female consumers.

But the following decades saw huge changes driven by three factors: mass education, mass media and massive scandals. Newly educated consumers discovered the esoteric knowledge of professionals might not be infallible after all, and that doctors, priests, police, politicians and brands can make terrible mistakes. As their privileged positions wobbled, many institutions reacted by protecting their secrecy at ever higher costs, and learned that hiding bad practices actually made their situation far worse when the truth was inevitably revealed.

"Historically, some marketers have focused solely on profit. But control has now shifted to consumers, who can swap suppliers more easily than ever. The landscape of transparency is moving control further into consumers' hands."

Chris Daly, CEO,
Chartered Institute of Marketing

The death of deference continues apace. Since the birth of the internet, our access to information has skyrocketed. Scandals, campaigns and petitions can travel around the world at speeds never before seen. Wikileaks showed us that even the most well-protected governmental secrets can be exposed. And all of us came to understand that 'fake news' was much easier to produce and disseminate than we had ever imagined.

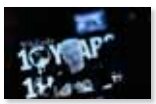
Much of this change is driven by the 'average consumer'. In 2015, 1 in 4 people in the UK self-diagnosed online rather than visiting their doctor. Beauty vloggers such as Michelle Phan now attract millions of viewers to their DIY beauty solutions. And in 2017 the number of MOOCs (Massive Open Online Courses) has increased five-fold to over 9,000 available courses, taking the total number of online students up to 81 million globally. It's not that trust has declined overall - simply that consumer trust has been reassigned. Many people now prefer to trust family, friends and even strangers on the internet rather than the traditional institutions, including business.

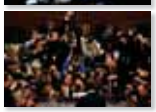
"Japanese consumers are not very aware of sustainability issues right now, but awareness is growing because of the 2020 Olympics and Paralympics. Globalisation means that information on global challenges is being shared more widely."

Katsuki Kishi, General Manager, Quality Management, Aeon

"In an era where there is massive distrust in the world and complete polarisation in many countries, we want to be as transparent as we can be to open up dialogue and have consumers trust us."

Kelly Semrau, Senior Vice President Global Corporate Affairs, Communication and Sustainability, SC Johnson





This new 'people power' is challenging the historical supremacy of 'powerful people' - but not always in a linear or predicable way. As the revelations about Facebook manipulation during elections revealed, we are still exploitable, even with our new access and education. And the death of deference has pulled trust down with it. Edelman named 2017 an 'implosion of trust', finding that the global population's trust in key institutions is at their lowest point since the first Trust Barometer in 2012. 85% of Edelman's survey respondents say that institutions do not have their best interests in mind, and that they don't trust in "the system".

Being a familiar brand no longer guarantees trust. In fact, big can now mean bad, conjuring in the minds of some consumers images of untrustworthy ingredients, corporate secrets and slick PR. Secret formulas and esoteric ingredients once were a sign of prestige and quality, but in the modern world they have become suspicious. Silence is a sign that you have something to hide.

This is the world in which brands are seeking to build consumer trust, and the stakes couldn't be higher. For the losers, a slide into obscurity; but for the winners, a transformed and vibrant connection to consumers. The question is, how to earn trust in an untrustworthy world?

"Secrecy is embedded in our culture, our processes and our systems. It will take a major cultural change at all levels to finally open up to real transparency."

Quote from our survey of corporate experts (anonymous)

Why business transparency isn't working

78%[1] of consumers trust transparent brands more, and those numbers climb to 83% when we look to millennial mothers between the ages of 18 and 34[2]. This would seem to be a enticing prospect for any company. Yet many businesses are still geared towards secrecy, protecting commercial information and hoarding of contacts, data and insight internally.

Which might be a reasonable strategy, except that consumers are seeking out their own transparency channels. 74%[3] of shoppers now turn to the internet for answers when they don't find the information they're looking for from the manufacturer. Consumer reviews, activist websites and even random tweets are filling the information void left by companies.

"Being transparent is not just about putting data into the public domain, but about the intention. Transparency must always benefit consumers; it's not simply for companies to demonstrate how great they are."

Rafael Pamias, Senior Vice President, Grupo Bimbo

1. https://www.labelinsight.com/hubfs/2016_Transparency_ROI_Study_Label_Insight.pdf
2. https://www.labelinsight.com/hubfs/2016_Transparency_ROI_Study_Label_Insight.pdf
3. https://www.labelinsight.com/hubfs/2017-LI-Shopper-Trends-Survey-Results.pdf?hsCta-Tracking=b0e12eda-6f2b-4cf4-9b55-9433c01005b5%7Ce7993225-ba5d-4ad2-bc4e-d8d7ad184e16

Quotes from our survey of corporate experts (anonymous):

"People are swamped by the magnitude of the problems around them, stressed, steeped in consumer culture, feel powerless and impotent and do nothing but continue to consume."

"The level of desired transparency varies across different products, brands, categories, markets and consumers. There isn't a one size fits all approach."

"Now, many consumers don't care about transparency at all, but a few power consumers have strong interest in it. These gaps make things complicated."

"Consumers want you to be transparent with other people. They expect you to be open with what you do, but the average consumer doesn't want to read the report and go through the data. They are looking for a shorthand for transparency, like the farmer's name on the apple, that demonstrates your openness."

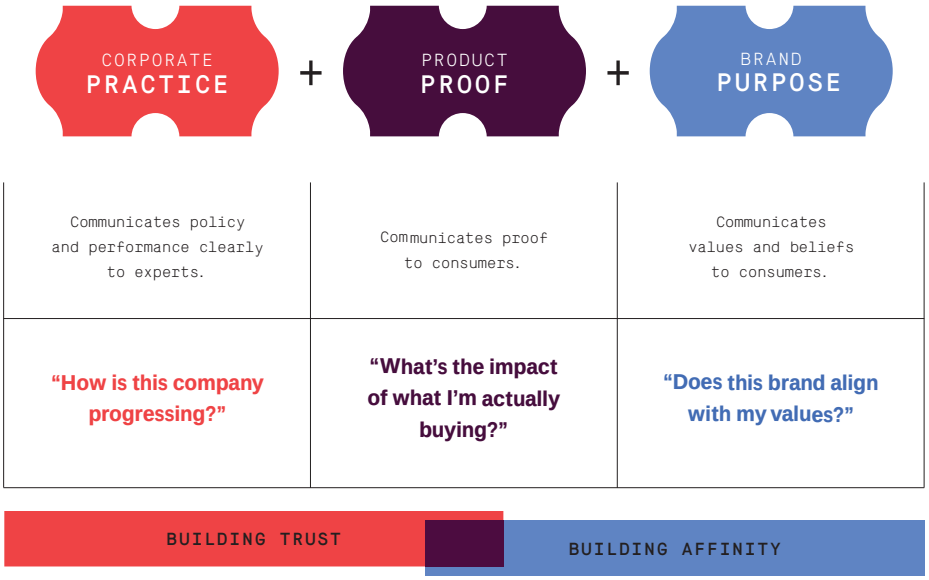
Mike Barry, Director of Sustainable Business, Marks & Spencer

The three elements of an honest company

As the twin themes of corporate reporting and brand purpose have risen, focus on product transparency has lagged behind. But to truly be trustworthy, businesses need to bring their product information up to the level of their corporate disclosure and brand purpose work. Together, these three elements of corporate practice, product proof and brand purpose are the firm foundation on which to rebuild consumer trust.

"Consumers want evidence and consistent results. You don't do this for a single marketing campaign – it's all about gaining trust and loyalty over the long term."

Chris Daly, CEO, Chartered Institute of Marketing



Is certification the answer?

In 2018, the Ecolabel Index listed 463 certifications, in 199 countries, across 25 industry sectors. These include well-known certifications such as Rainforest Alliance, WWF and Ocean Consultancy, which provide third-party verification of a product's sustainability claims.

We asked corporate experts their view of sustainability certification. 15% of respondents identified certifications as 'the best way to reassure consumers of social, health, environmental and safety performance'. However, the majority (69%) said that certifications are 'helpful but not good enough to tell a story'.

Many corporate experts acknowledged that the success of certification varies widely depending on the knowledge level of the consumer:

"They are a possibility but not enough to build the trust and to transform the market. Full understanding of the supply chain is better to transform the practices."

"We don't think the consumer has a clue as to what/how the symbols stand for."

"If the consumer is knowledgeable on the label and what they represent, they can be helpful.

"They are perceived as helpful by some consumers and others may misinterpret them."

Certification can play a strong role as part of a product's communication strategy - but they cannot be the only answer to consumers' thirst to know more about the products they buy.

Is reporting the answer?

In 2017, 90% of the world's 250 largest companies produced a CSR report. In just over twenty years (since the GRI was launched in 1997) the level of corporate transparency has risen exponentially, yet this rise in reports has not prevented the decline in consumer trust in business.

Reports are, in the main, not designed for consumers. They are written by experts in business for experts in NGOs, regulators, shareholders and other institutions. The impact on trust within those groups may be positive, but is not the focus of this report. Yet it is worth noting the huge effort in time and resource expended upon CSR reports – from standard development, consultancy, data processes and dissemination. Despite ongoing problems with comparability and context, the standardisation of reporting is impressive.

The product transparency field has been comparatively neglected, especially in terms of standardisation. While corporate reporting is shaped by international standards such as GRI, SASB, <IR> and others, product transparency has no single globally recognised body or set of standards. Good progress has been made in specific sectors – for example, the Higg Index Product Tools allow apparel and footwear companies to design more sustainable products – but there is little guidance for product transparency across sectors.

And there is minimal pollination from CSR reports to products or services. Few brand or product websites even link back to CSR reports, and report data is rarely found on labels or other product communications. When it comes to transparency for consumers, CSR reports simply aren't the answer.

Source: KPMG Survey of Corporate Responsibility Reporting 2017

The new honest brands

As the retail market changes, the barriers to entry have dropped and a flood of new, small, challenger brands have entered consumer consciousness. Whereas competition in the consumer goods market was previously battled out between behemoth brands on retail shelves, today it can feel like 'death by a thousand cuts' in some markets. Of the thousands of new brands hitting retail shelves during 2017, 49% of the top sellers were from small manufacturers earning less than $1 billion annually.[1]

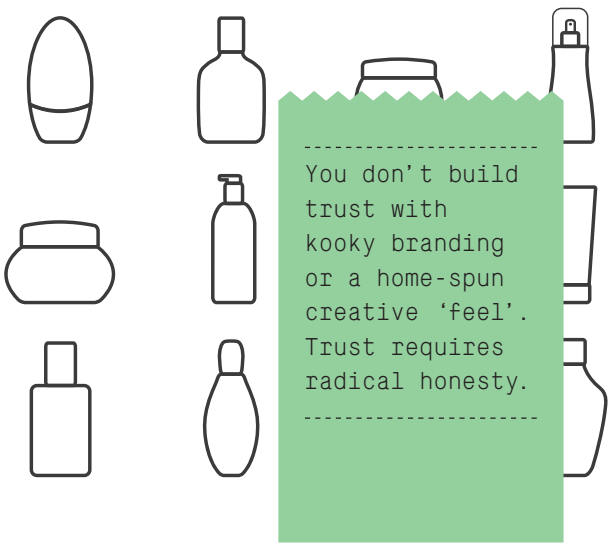
Much has been written about the brand voice, consumer obsession, innovation and activist purpose of many of these brands[2]. Larger companies are seeking to overhaul their old and mechanistic marketing processes to replicate this fresh approach of start-up consumer brands. But too often this means trying out a new whacky voice or adding a cause campaign to business as usual. This shallow replication misses the real point. Take a closer look at the breakthrough new consumer-goods brands of the last decade, and you'll discover that transparency is an article of faith for them.

These brands don't only out-compete on purpose, digital responsiveness or targeting. They are also setting new standards in product transparency – and reaping the rewards of trust.

1. https://www.iriworldwide.com/en-US/Insights/news/IRI-Announces-Most-Successful-Consumer-Packaged-Goods-Brands-of-2017
2. We recommend Green Giants by E. Freya Williams for a detailed analysis

"The devil is in the detail. To build sustainable value chains, we will have to provide consumers with the information they need to make decisions. That means we need to map our value chains and build higher levels of transparency over time."

Tony Henshaw, Chief Sustainability Officer, Aditya Birla Group



CASE STUDY 01

THE NEW HONEST BRANDS

LUSH

Lush sells natural, handmade beauty products, beginning life as a single shop in Poole, UK, where products were made upstairs and sold downstairs. The company aims to source "the best, safest and most beautiful ingredients", never to test on animals, and champion reduced packaging. In 2018, Lush posted record pre-tax profits of £73.5 million, up from £43.2 million in the previous year.

CORPORATE PRACTICE

- Extensive bank of policies and positions ('what we stand for') available on company website, including ethical buying, tax avoidance and animal testing.

PRODUCT PROOF

- Clear ingredients list, distinguishing between natural ingredients and 'safe synthetics'.
- Sticker on every pre-packaged product, giving the name and a drawing of the person who made it.
- Lush uses a limited number of packaging types, and many products are designed to be sold unpackaged, to reduce materials use.

BRAND PURPOSE

- Lush is an activist brand with a strong history of campaigns, including on animal testing, LGBT+ rights, refugees, tax reform, and most recently (and controversially) highlighting historical abuses by undercover police officers in the UK.
- Its manifesto on www.lush.com includes the belief that "words like 'fresh' and 'organic' have an honest meaning beyond marketing".

CASE STUDY 02

THE NEW HONEST BRANDS

INNOCENT

Transparency was built into Innocent from the very beginning, when its founders set up a smoothie stall at a music festival, put up a sign asking people if they thought they should give up their jobs to make smoothies full time, and invited them to throw their empty cups into bins marked 'Yes' and 'No'. Innocent is 90% owned by The Coca-Cola Company and is one of the UK and Europe's largest smoothie and juice brands, with annual sales of more than £350 million.

CORPORATE PRACTICE

- Clear information on company website about each area of Innocent sustainability strategy, with engaging video content and FAQs.
- Dedicated section for 'recycling revolution' detailing the journey towards more sustainable packaging (including where things didn't go well).

PRODUCT PROOF

- Clear, compelling and playful ingredients list. Ingredient certification (where applicable).
- Details of charitable donations from profits. Recycled packaging content and aspiration to do better.

BRAND PURPOSE

- Innocent's mission is "to make it easy for people to do themselves some good (whilst making it taste nice too)".
- It is well known for its lighthearted, irreverent tone of voice that embodies the mission throughout its brand and marketing.

CASE STUDY 03

THE NEW HONEST BRANDS

TONY'S CHOCOLONELY

Tony's Chocolonely was born when Dutch reporter Teun van de Keuken investigated slavery in West Africa, taking himself to court for "knowingly purchasing an illegally manufactured product" and committing to create slave-free chocolate himself. The company sources its Fairtrade cocoa beans directly from cooperatives representing 5,420 farmers in Ghana and Cote d'Ivoire, paying a farmer premium in addition to the Fairtrade premium. Since 2012, revenue has increased nearly ninefold, to €44.9 million in 2017.

CORPORATE PRACTICE

- Annual 'FAIR Report', covering progress along the roadmap to slave-free chocolate.
- Clear and engaging website showing the company's mission, timeline and impact.

PRODUCT PROOF

- Front-of-pack claim: "Together we make chocolate 100% slave free".
- Fairtrade logo and details of slave-free claim on back of pack, plus link to website for further information. Further details of the journey to slave-free chocolate on the inside of pack.
- Chocolate bar breaks into unequally-sized pieces to symbolise the inequality of the industry.

BRAND PURPOSE

- Tony's Chocolonely is "Crazy about chocolate, serious about people". Its brand manifesto begins "Right now, slaves are working on cocoa farms in West Africa.
- Many of them are children. Tony's Chocolonely exists to change that" and continues at www.tonyschocolonely.com.

What if your product was a person?

There is a reason we named this guide The Honest Product rather than The Transparent Product. In our research, a clear trend emerged: the need to 'humanise' transparency.

Psychologists and neuroscientists have investigated what makes human beings trust each other, and our neurochemical response to trust. Oxytocin is commonly known as the 'love' hormone, released when we feel a close bond to someone, but it could just as well be called the 'trust' hormone, because it reduces stress and makes us feel closer, even to strangers.

Ultimately, the goal of radical product honesty should be to unleash oxytocin, reduce consumer stress and increase their happiness and confidence.

How?
The secret to human trust is vulnerability. Being a trustworthy person requires giving trust first, taking risks and standing for the value of honesty. Human trust isn't a tradable commodity; it's an emotional value.

HOW CAN PEOPLE EMBODY HONESTY?	HOW CAN PRODUCTS EMBODY HONESTY?
• Strives for humility	• Acknowledges limits
• Offers unprompted information that's in your interest	• Anticipates what you might find important
• Has a reputation for honesty	• Has a good and trusted reputation
• Accepts responsibility when things go wrong	• Admits fault and problems still to be fixed
• Accepts and shares their limitations	• Doesn't promise beyond its capabilities
• Keeps their promises (or explains why they can't)	• Keeps its promises and explains decisions
• Says what they think and believe	• Is clear on what it stands for

The Honest Product Test

Is your product building trust in a human way?

1.0 Has good intentions
Does your product push transparency to the forefront?
OR
Are revelations sidelined, minimised or revealed reluctantly?

2.0 Makes humble claims
Are problems and challenges shared openly and goals for improvement set?
OR
Is everything presented as perfect or not shared at all?

3.0 Always a work in progress
Does your product embody transparency consistently?
OR
Is transparency a one-off response to criticism?

4.0 Goes above and beyond
Does your product bring information proactively to people?
OR
Is the transparency merely standard practice?

5.0 Is truly helpful
Does your product answer real consumer questions to help them make decisions?
OR
Is what's shared just what the company wants to tell?

6.0 Takes risks
Are data-in-progress and problems shared as soon as they are available?
OR
Does your product hide information until it's perfect?

7.0 Stands for something
Is your product clear about its values?
OR
Is it neutral on the issues?

CASE STUDIES

THE HONEST PRODUCT TEST

1.0 Intermarché

5/7

→ Helping consumers achieve their health goals.

A set of six yogurts, each with less sugar than the previous one, to help consumers detox from sugar.

1	Has good intentions	✓
2	Makes humble claims	n/a
3	Always a work in progress	n/a
4	Goes above and beyond	✓
5	Is truly helpful	✓
6	Takes risks	✓
7	Stands for something	✓

2.0 Monzo

6/7

→ Consulting consumers on key product decisions.

A consumer poll on banking charges, communicated clearly to all new customers.

1	Has good intentions	✓
2	Makes humble claims	✓
3	Always a work in progress	✓
4	Goes above and beyond	✓
5	Is truly helpful	✓
6	Takes risks	✓
7	Stands for something	n/a

3.0 Lidl

5/7

→ Growing awareness of quality in the supply chain.

An above-the-line campaign showing skeptical consumers the stories behind the products.

1	Has good intentions	✓
2	Makes humble claims	✗
3	Always a work in progress	✗
4	Goes above and beyond	✓
5	Is truly helpful	✓
6	Takes risks	✓
7	Stands for something	✓

CASE STUDIES

THE HONEST PRODUCT TEST

4.0 Kellogg's

5/7

→ Giving the audience the power to ask what they really want to know.

An online hub for product stories and consumer questions, including an 'ask me anything' form.

1	Has good intentions	✓
2	Makes humble claims	✗
3	Always a work in progress	✓
4	Goes above and beyond	✓
5	Is truly helpful	✓
6	Takes risks	✓
7	Stands for something	n/a

5.0 Everlane

7/7

→ Showing where consumers' money goes.

A clear cost breakdown for key garments, accounting for materials, labour, transport, duties and hardware.

1	Has good intentions	✓
2	Makes humble claims	✓
3	Always a work in progress	✓
4	Goes above and beyond	✓
5	Is truly helpful	✓
6	Takes risks	✓
7	Stands for something	✓

6.0 SC Johnson

6/7

→ Radical transparency on ingredients.

A dedicated website for full ingredient disclosure, including why specific ingredients are used.

1	Has good intentions	✓
2	Makes humble claims	✗
3	Always a work in progress	✓
4	Goes above and beyond	✓
5	Is truly helpful	✓
6	Takes risks	✓
7	Stands for something	✓

The rewards of honesty

“There is a real commercial value to earning trust with consumers. It shores up a company’s social license to operate, and there’s a first-mover advantage if transparency is aligned with the brand and the values of consumers. It’s a legitimate business activity, worthy of investment.”

Charlie Arnot, CEO, The Center for Food Integrity

Quotes from our survey of corporate experts (anonymous):

“Gaining a marketplace advantage, being the first mover and setting the expectation, rather than following the herd.”

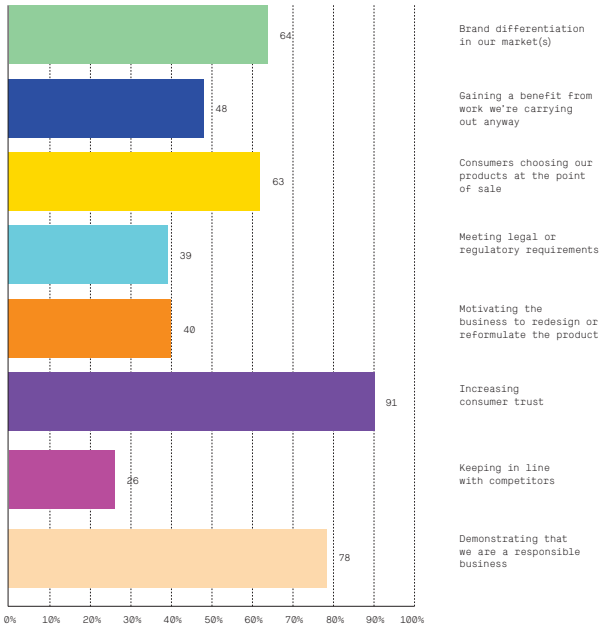
“See it as an additional story to help reinforce for the customers, reasons to buy.”

“Innovation is a key benefit as well.”

Source: CGF/Futerra expert survey, July 2018.
Respondents: Corporate experts from 70+ companies in 26 countries.

Corporate expert survey

What are the benefits of being more transparent about social, health, environmental and safety issues?



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The rewards of honesty

Increased Loyalty and Value

94% of consumers are likely to be loyal to a brand that offers complete transparency.
(2016 Label Insight Transparency ROI Study)

What’s more, transparency ranked highest in a list of factors that motivate consumers to be loyal to a brand, with 25% listing it as their top factor.
(2016 Label Insight Transparency ROI Study)

Transparency is so important to consumers that it increases a product’s worth in their minds.
(2016 Label Insight Transparency ROI Study)

73% Almost three in four consumers say they would be willing to pay more for a product that offers complete transparency.
(2016 Label Insight Transparency ROI Study)

Increased Preference

NEARLY 40% of consumers say they would switch from their preferred brand to one that offered more transparency.
(2016 Label Insight Transparency ROI Study)

Nearly two in three consumers take a brand’s stand into account when making a purchase decision.
(Edelman Earned Brand Global Report 2018)

Reminding consumers of the brand’s stand when they are about to buy is crucial:

60% of consumers say a brand should make it easier to see its values and its position on important issues at the point of sale.
(Edelman Earned Brand Global Report 2018)

37% of consumers say they would switch brands if another brand shared more detailed product information.
(2016 Label Insight Transparency ROI Study)

Increased Trust

95% of consumers say brands that provide consumers with detailed information about their product or service earn their trust.
(Brand Spark International 2018)

Honest, trustworthy, genuine and consistent communications from brands are at the top of consumers’ importance list in the UK and USA.
(The Social Voice of Brands, YouGov 2018)

Consumers are willing to boycott

64% of consumers around the world willing to buy or boycott a brand solely because of its position on a social or political issue, a staggering increase of 13 points from last year.
(Edelman Earned Brand Global Report 2018)

The Honest Product Journey

Every product is on a transparency journey, but the leap from basic transparency to true honesty takes faith and commitment.

	1.0 FAKE NEWS	2.0 COMPLIANCE	3.0 TESTING	THE HONESTY GAP	4.0 OPENNESS	5.0 PROGRESS	6.0 ADVOCACY
WHAT	**Transparency that is not transparency: difficult to understand or covering irrelevant issues.**	**Transparency that does the bare minimum, following the letter but not the spirit of the law.**	**Transparency on issues where the company shines, but no information on other relevant issues.**		**Transparency around progress, especially where challenges have not yet been solved.**	**Transparency around what needs to happen for things to get better.**	**Transparency that seeks to change industry action on issues.**
WHY	• Defend • Deflect • Block change	• Comply with legal requirements • Process, not results	• Burnish reputation • Seek millennial affinity		• Admit challenges • Invite comment • Ask for patience	• Change yourself • Partner with consumers for change	• Using products to change the world
HOW	• Claims on irrelevant issues • Defensive or selective statements rather than honest accounts • Misleading data	• Dumping information into the public domain • Ingredients lists that are difficult to read • Inadequate or partial information on allergens • Environment or social data so general to be irrelevant	• Engaging messages, but only on safe topics • Focus on claims rather than progress on challenges • Self-certification without audit or transparent standards		• Strong ingredients websites including why ingredients are used • Strong indices of impact • 'Ask me anything' websites and comms	• Data that helps consumers change • Goals and targets for the product (and progress against them) • Proactive sharing of systemic challenges	• Open about issues considered to be commercial sensitive or politically challenging • Transparency explicitly seeks to change regulation • Data designed to highlight big issuess

Trigger list: questions you should ask your brand, before consumers do

Consumers aren't only interested in "topics" in the way experts would define them - they also have 'types' of question they want you to answer. Every product and brand should consider these questions and be clear why some can't yet be answered.

Please see The Honesty Gallery on page 33 for examples.

1.0 Basic questions about this product

- What's in this product?
- What's not in this product?
- Where did the raw ingredients come from?
- Where was the product made?
- What certifications does this product have?

2.0 Stretch questions about this product

- Who made this product, and how were they treated?
- Why are these ingredients in this product?
- What's changed about this product?
- What still needs to change about this product?
- How does this product compare to others?

3.0 Questions about using this product

- How do I use this product?
- How can this product be misused?
- How do I dispose of this product?

4.0 Questions about your business

- Why did you make this product?
- How do you make product decisions?
- Who owns the company that made this product?
- Where does the money I paid go?
- What are you still working on?

Not all issues are easy to be honest about – but consumers across the world want to know about them

This guide covers product transparency on social, ethical, environmental, health, hygiene, wellbeing and safety issues. But not all these issues are created equal in terms of ease of data collection, clarity of definition or risk of exposure. Our survey of corporate experts revealed that companies find it more difficult to communicate on social issues such as human rights and sourcing – but consumers in the US and UK in particular are demanding more information on these topics.

Key consumer demands from across the world

Social issues
Consumers in the UK (52%) and US (40%) say that social issues are the most important sustainability issues for products to communicate on, compared to 21% of global consumers.

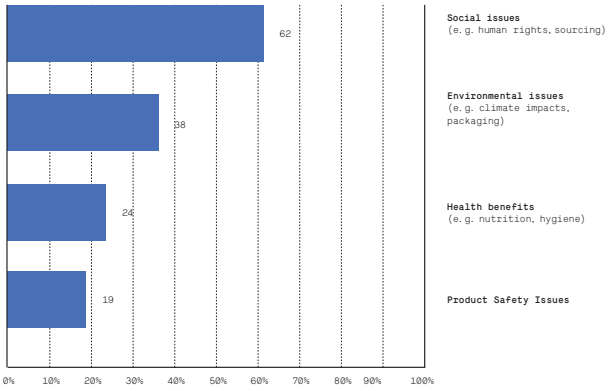
Environmental issues
36% of consumers in Brazil say that environmental issues are the most important sustainability issues for products to communicate on, compared to 24% of global consumers.

Health benefits
Consumers in France (35%), India (29%) and China (27%) say that health issues are the most important sustainability issues for products to communicate on, compared to 23% of global consumers.

Product safety issues
Consumers in Japan (54%), China (36%) and India (34%) say that safety issues are the most important sustainability issues for products to communicate on, compared to 32% of global consumers.

Consumer survey

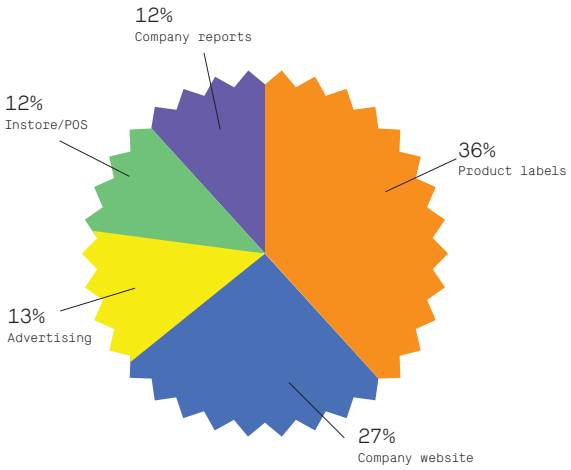
Which issues are harder to be transparent about at a product level?



Consumers expect products to bring honesty to them

Consumer survey

Where are you most likely to look for information about the social, health, environmental and safety impact of the products you buy?



Source: CGF/Futerra consumer research, October 2018.
Respondents: 3,621 consumers in 7 countries.

In our survey, consumers told us clearly that they expect to see honest communications on product labels. There are clear design, space and creative challenges with this – but the rewards of transparency make it worth seeking solutions.

Company websites also scored highly. That means they expect more than just an additional web page outlining the key issues: they want products to be transparent in the places they are already looking.

The future of honesty

The future of honesty

Honest products can help build a more human connection between the products that people buy and the people who make them. Our research also suggested other trends likely to impact consumer trust levels over the coming years.

The Human Generation

According to the World Economic Forum, for most 18-35 year-olds, identity is not about region, geography, religion or ethnicity; they simply see themselves as "human". Young people feel they are united simply because they exist in the same world together. For honest products, this is the greatest opportunity to align with the new consumer. This guide details how a human approach to transparency can build trust. But as Gen Z consumers enter the market, business must move from trying to generate peer-to-peer engagement around brands and realise their brand is a peer.

Honest Technology

Blockchain technologies can be over-hyped, but when it comes to transparency the impact is likely to meet the transformational predictions. When one of the biggest retailers in the US piloted blockchain for tracing mango origin, it took just 2.2 seconds to trace the source of each individual fruit. Traceability has been one of the most serious headaches for companies striving to share more information with consumers. This information may be available with a single click as early as 2020.

Back To Basics

Many of the transparency issues we deal with in this guide are additional to business as usual. But getting the basics right isn't always easy. Interest in tax transparency is being fuelled by media and celebrity tax avoidance scandals. Serious issues with non-labelled allergens have caused recent consumer deaths. And regulators across the world are moving fast on gender-pay disclosure.

In the new world of honesty, companies may not pick and chose what to reveal. And, as the apocryphal story of George Washington admitting to chopping down his father's cherry tree teaches us; honesty is always the best policy.

"Stakeholder transparency is Transparency 1.0. We're moving towards Transparency 2.0 now, and will move on again in the future. This change will be driven by a more personalised business model, in which consumers must trust businesses with their data. Complete trust with consumers will be your passport to play in the future."

Mike Barry,
Director of Sustainable Business,
Marks & Spencer

"The next level of transparency for us would be a wider database that provides clear information on a large scale, allowing us much more opportunity to engage consumers on where their food comes from."

Andre Nel,
General Manager Sustainability,
Pick n Pay

Source: Global Shapers Survey 2017

The Honesty Gallery

Vol. 01
The Future Of Honesty
CGF x Futerra

HONESTY INSPIRATION:

0.1 Basic questions about this product

What's in this product?

RX BAR

Radical simplicity of ingredients as a lead on-pack message

BEN & JERRY'S

Bold highlights of social and environmental ingredient issues

What's not in this product?

PIP & NUT

Clear and compelling ingredient and dietary labelling

GOOD FOOD FOR GOOD

Prominent transparency on natural sweeteners

Where have the raw ingredients come from?

OATLY

Full geographical and supplier origin of key ingredients

MARKS & SPENCER

Strong point-of-sale promotion of beef traceability

Where was the product manufactured?

PATAGONIA

Interactive online supplier and worker map

RAPANUI

Detailed online map to trace supply chain of materials

What certifications does this product have?

TEAPIGS

Sustainability certifications highlighted on pack

METHOD

Cradle to Cradle certification on pack, with clear explanation

The Future Of Honesty
CGF x Futerra

HONESTY INSPIRATION:

0.2 Stretch questions about this product

Who made this product, and how were they treated?

TONY CHOCOLONELY

Prominent commitment to '100% slave free' chocolate

LUSH

On-pack profile of who made the product

Why are these ingredients in this product?

SC JOHNSON

Dedicated website outlining the ingredients of every product

UNILEVER

Online list of ingredients for personal care and homecare brands

What's changed about this product?

PANERA BREAD

'100% clean' ingredients - achieved following promise to do so

KELLOGG'S

Prominent 'reduced sugar' message following reformulation

What still needs to change about this product?

DANNON

Pledge to reduce GMOs and clear labelling of products with GMO ingredients

ABLE

Wage transparency and call for consumers to demand change

How does this product compare to others?

KINNARPS

The Better Effect Index – scoring across six areas for every product

TIMBERLAND

Green Index – scoring of products on climate, chemicals and resources

HONESTY INSPIRATION:

0.3 Questions about using this product

How do I use this product?

INTERMARCHÉ

Helping consumers reduce their sugar intake gradually

ARIEL

On-pack and online messaging to encourage consumers to wash at 30°C

How can this product be misused?

TIDE

Campaign raising awareness of the dangerous misuse of washing pods

How do I dispose of this product?

STONYFIELD

Strong guidance on plastic recycling and take-back

TEAPIGS

Clear communications on how to dispose of product and packaging

HONESTY INSPIRATION:

0.4 Questions about your business

Why did you make this product?

VEJA

Sourcing natural rubber to protect forests by increasing their value

YEO VALLEY

Left-Yeovers product line uses leftover ingredients, reducing waste

How do you make product decisions?

MONZO

Consulting consumers on key product decisions

Who owns the company that made this product?

SUJA

Honesty and celebration of brand ownership by Coca-Cola

DIVINE CHOCOLATE

On-pack gold seal highlighting ownership by farmers

Where does the money I paid go?

EVERLANE

Detailed breakdown of costs for key garments

FOGO ISLAND SHOP

'Economic nutrition' label on products

What are you still working on?

INNOCENT

On-pack recycled plastic claim and aspiration to go further, backed up by online timeline

REFORMATION

Clear CO_2, water and waste information on product pages

About this report

The Consumer Goods Forum / Futerra survey of corporate experts

In July 2018, we asked experts from consumer goods companies across the world to answer key questions about product transparency on social, health, environmental and safety issues. Our survey was carried out in partnership with the Chartered Institute of Marketing, who released the survey to their members. Respondents were asked to answer with their own opinion, rather than as a representative of their company, and we received more than one response from several companies.

130 respondents from 70+ organisations. Please note that the survey was not confined strictly to consumer goods companies, but a significant majority were from this industry. Most represented in our survey were Sustainability (28%) and Marketing (15%), followed by Quality and Corporate Affairs (11% each). Respondents also worked in Commercial, Health, Supply Chain, R&D, Sales and other functions.

The Consumer Goods Forum / Futerra consumer research

In October 2018, we asked 3,621 consumers in 7 countries (UK, USA, France, Japan, China, Brazil and India) to answer simple questions on product transparency on social, health, environmental and safety issues. The survey was carried out on a mobile platform by OnePulse in the US and UK, and by VIGA in France, Japan, China, Brazil and India.

Expert interviews

Between June and September 2018, Futerra interviewed senior leaders from 19 consumer goods companies and expert organisations. We asked them what consumers expect when they ask for transparency, what the opportunities and barriers were, and where the leadership space is for the future.

Interviewees:
Charlie Arnot, CEO, The Center for Food Integrity **Mike Barry**, Director of Sustainable Business, Marks & Spencer **Chris Daly**, CEO, Chartered Institute of Marketing **Isabelle Grosmaitre**, Alimentation Initiative Catalyst, Danone **Tony Henshaw**, Chief Sustainability Officer, Aditya Birla Group **Mark Matthews**, Vice President, Digital Acceleration, Walmart **Ben Jordan**, Director of Supplier Sustainability, The Coca-Cola Company **Ethem Kamanli**, Group Manager Supply Chain Solutions, Migros Ticaret **Katsuki Kishi**, General Manager, Quality Management, Aeon **Dave Muenz**, Senior Vice President ESG, Kao Corporation **Andre Nel**, General Manager Sustainability, Pick n Pay **Rafael Pamias**, Senior Vice President, Grupo Bimbo **Sébastien Pivet**, Quality Assurance Director, Health & Beauty Retail, AS Watson **Martin Renaud**, Global Chief Marketing Officer, Mondelez International **Judith Robinson**, Commercial Manager, Tesco **Kelly Semrau**, Senior Vice President Global Corporate Affairs, Communication and Sustainability, SC Johnson **Yukiko Takatori**, General Manager for Science, Global Communications Department, Ajinomoto **Chris Tyas**, Senior Vice President Supply Chain, Nestlé **Rick Wion**, Senior Director of Consumer Engagement, Kellogg Company

Report authors

Futerra

Futerra is a global change agency with offices in New York, London, Stockholm and Mexico City. Established in 2001, Futerra works with the world's largest brands, breakthrough entrepreneurs and national governments on the logic of sustainability strategy and magic of creative ideas. Futerra believes that, in order to build a better world, we must first imagine one. The company is majority female owned and a certified BCorp.
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The Consumer Goods Forum

The Consumer Goods Forum ("CGF") is a global, parity-based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. Its member companies have combined sales of EUR 3.5 trillion and directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain. It is governed by its Board of Directors, which comprises more than 50 manufacturer and retailer CEOs.
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The Charted Institute of Marketing (Survey partner)

The Chartered Institute of Marketing (CIM) is the world's leading marketing body, with over 28,000 members worldwide, of which there are over 3,000 Chartered Marketers. CIM's mission is create marketing advantage for the benefit of professionals, business and society with a focus on export, data and skills. It believes marketing is the critical factor in driving long term organisational performance. For more than 100 years, CIM has supported, represented and developed marketers, teams, leaders and the profession as a whole. There are 130 CIM study centres in 36 countries and exam centres in 132 countries worldwide. In the last year, over 7,500 people registered at over 230 UK CIM events.
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