BUBKA'S STRATEGY TOOLKIT

A toolkit that helps brands to
Grow Responsibly

Contents

Executive Summary

Whatever category or sector a business is in, the drive for greater sustainability will affect every aspect of what that business does. But as more businesses adapt to become more sustainable, many consumers remain unconvinced. This means the onus is on businesses to demonstrate how, specifically, they are transitioning to a more sustainable business and are willing to be held accountable.

And therein lies the problem. Our research, led by Prof. Dr. Verleye (Ugent), shows that consumers only believe a meagre 9.7% of sustainability campaigns in Belgium. To make matters worse, almost six out of ten campaigns show one or more characteristics of greenwashing. These are dramatic figures that point to a risk of reduced effectiveness and, especially in the case of greenwashing, an increased risk of reputation damage.

As part of Bubka's "Sustainable Growth" plan, which we launched in autumn 2020 and which goal was to successfully enter the sustainability services market, we decided to tackle this problem and invest in an innovative **Strategy Toolkit** that enables companies to:

A.
Accurately assess the importance of sustainability as a (potential) driver of growth

B.
To evaluate with more certainty which initiatives (product innovations, projects, ...) are the best to achieve this

C.
And communicate more effectively and credibly about these projects and products

This ambition fits seamlessly with our existing DNA: increasing the effectiveness of communication.

We have built up the toolkit gradually. At the end of last year, we launched the last part of it. The result is quite innovative, if we do say so ourselves. Fortunately, we are not the only ones. Warc.com also thinks it is innovative enough to publish about it and later this spring it will be released as an academic article and submitted for scientific peer-review.

What the toolkit entails, what it means for our clients and how it fits into Bubka's broader sustainability strategy are explained in this case study.

Our strategic toolkit is a science-based and data-driven innovation in our industry. It is an important tool for businesses to be able to improve the effectiveness and credibility of their sustainability investments.

Have fun reading,
The Bubka-team

If you are interested to know more about our approach and how it can help **you** to grow responsible, please contact rafvr@bubka.be or call +32 496 27 06 81 to have an intake conversation. Together we set up a 1 hour presentation based on your needs with the input of our strategy team.
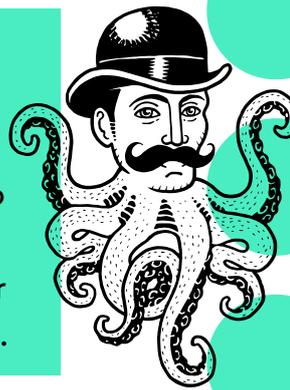
The Strategy Toolkit

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We know that, regardless of the category or sector in which a company operates, the drive for greater sustainability will affect every aspect of what that company does.

We also know that many consumers doubt whether these efforts are genuine. They are still not convinced and are watching campaigns for sustainable products with a higher scrutiny than those for conventional products. As it is essential for companies' current and future growth to ensure consumer trust, we asked Prof. Dr. Verleye (Ugent) and the Bubka research team, in cooperation with Nielsen and iVox, to develop a strategic toolkit based on scientific research to facilitate businesses to answer these four questions:

The requirements of the strategic toolkit

WHAT?

Assessing Business Potential

Identification and Evaluation of Products and Services

Effective Communication

HOW?

Testing and Scoring Messaging on Effectiveness and Credibility

WHAT?

1. Can we assess the impact and business potential of sustainability for a company?

All companies must go through a sustainable transition. Some are already well advanced; others are just starting. For the latter, it is essential to know where the opportunities lie with the most significant impact, not only socially but also financially. We wanted a way to research, measure, and evaluate the potential business impact of sustainability.

2. Can we assess the potential of different product ideas and initiatives and prioritise them according to consumer expectations?

From our research for the book "De Duurzame Belg" we learn that consumer expectations differ per category and brand. Consumers' evaluation of sustainable products and product innovations is not based on the same criteria in all sectors. Therefore, a company needs to understand what those expectations and criteria are to be successful. We want a methodology that allows us to align the potential of innovations with consumer expectations.

HOW?

3. Can we determine what makes sustainable messaging credible?

We know that less than 10% of existing sustainable campaigns in the last two years are considered credible by consumers. We need to understand what makes sustainable communication believable. We are looking for a model.

4. Can we score the credibility of sustainability communications before investing in their production and distribution in the media?

We want do define a research method to score creative proposals or new campaigns on credibility against a general and sectoral benchmark.

The quality criteria we set for ourselves were:

- strong scientific basis

- research-driven

- flexible to be able to connect to the different sustainable maturity levels of companies, governments and organisations.

After 15 months of research, testing of methodologies and working with businesses we have a set of 3 research tools and an advertising model that helps businesses succeed in their sustainable transition.

BUBKA'S STRATEGY TOOLKIT

BEST SELF BRAND	SUSTAINABILITY BRAND SCAN	SUSPENSION OF DISBELIEF MODEL	FAST CHECK
Identifies how sustainability is driving market share and revenue growth for a brand and its competitors.	Defines the expectations of the consumer, their evaluation of the current efforts and determines the potential for innovation.	The content model and elements that define the credibility of branded sustainability campaigning and creative assets.	Measures the Credibility Score of creative campaigns and compares it with our industry benchmarks.
Research Model	Research Model	Academic Brand Model	Research Model

We'll take you through a brief description of the different tools.

2.1. Best Self Brand: how is sustainability driving brand growth?

2.1.1. The theoretical background of this research methodology

Orlando Wood has shown a correlation between the strength of a brand and the growth of its market share. His research indicates a correlation of 0.85 across all industries. This means that if a brand becomes stronger, it's realistic to expect its market share to increase. Wood also discovered that the strength of a brand is based on its performance on three factors: availability, affect, and fluency (these three elements were first introduced by Daniel Kahneman).

The research team led by Prof. Dr. Verleye confirmed that these insights also apply to our market. On the Belgian ice-cream market, for instance, the correlation is 0.92, on the Electro Retail market 0.98.

Factors defining BRAND STRENGTH

Consumers find a brand a good choice if:

Availability: It comes readily to mind
Affect: They feel good about it
Fluency: It is recognisable

- D. Kahneman

Correlation BRAND STRENGTH and MARKET SHARE in Belgium

Electro Retail: 0.98
**Ice-cream:** 0.92

- Pr. Dr. Verleye

2.1.2. Drilling down to brand attributes

We wanted to know if we could drill down to the level of brand attributes to understand how the correlation works. If so, we would be able to determine which brand attributes contribute most to market share growth. The answer is positive. Today, we know that the brand attributes "great product", "high quality" and

Magnum, %

"highly recognisable" contribute most to strengthening the correlation between brand strength and market share in the Belgian ice-cream market. It is therefore not surprising that the market leader, Magnum, also scores best on these three attributes.
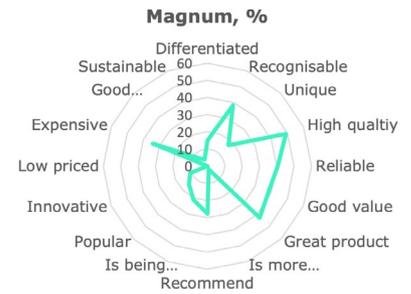
2.1.3. **The result**
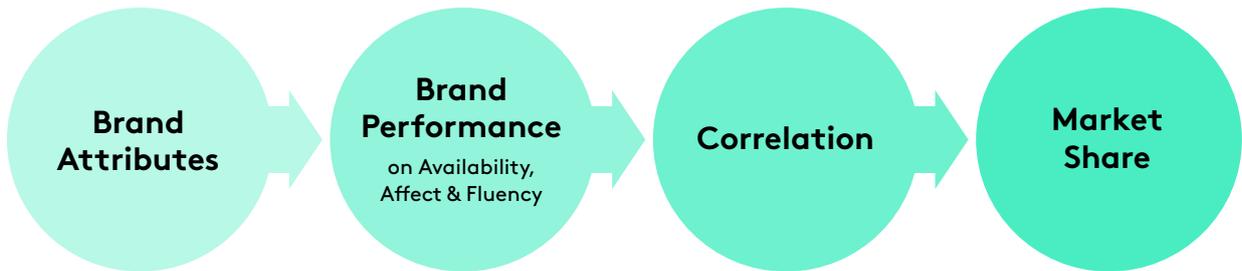
Since we can determine which brand attributes most closely correlate with market share, we can thus determine whether sustainability is a defining brand attribute for growth in a particular industry. For the ice-cream market, contrary to what we might think, sustainability is not yet a determinant of market growth, despite brands such as Ben & Jerry's and Alpro.

Sustainability as driver of Market Share (%)

Alpro	Ijsboerke	Ben & Jerry's	Magnum	Häagen-Dazs	Cornetto
0.34	0.43	0.35	0.14	-0.06	0

Standardised regression coefficient
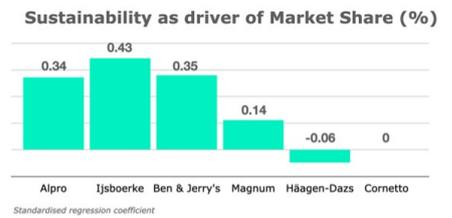
How this works in practice is shown below for a brand in the electrical appliances retail sector. As you can see, we know exactly where to put the focus in their communication: we need to work on two brand attributes, rising 5 points on "Good Value" and 7 points on "Inexpensive" to gain 1% market share. Also in this market and for this brand, sustainability does not yet play a significant role.

There are, of course, many sectors in which sustainability has become a decisive factor for growth. Banking is one of them. The work we do for Triodos is based on this method. However, we cannot share the data.

ELECTRO RETAIL BRAND

Brand Attributes	Brand Performance	Correlation	Market Share
Good Value: +4.9 Inexpensive: +7.2	Availability: +12 Affect: +7 Fluency: +3	0.98	+1%
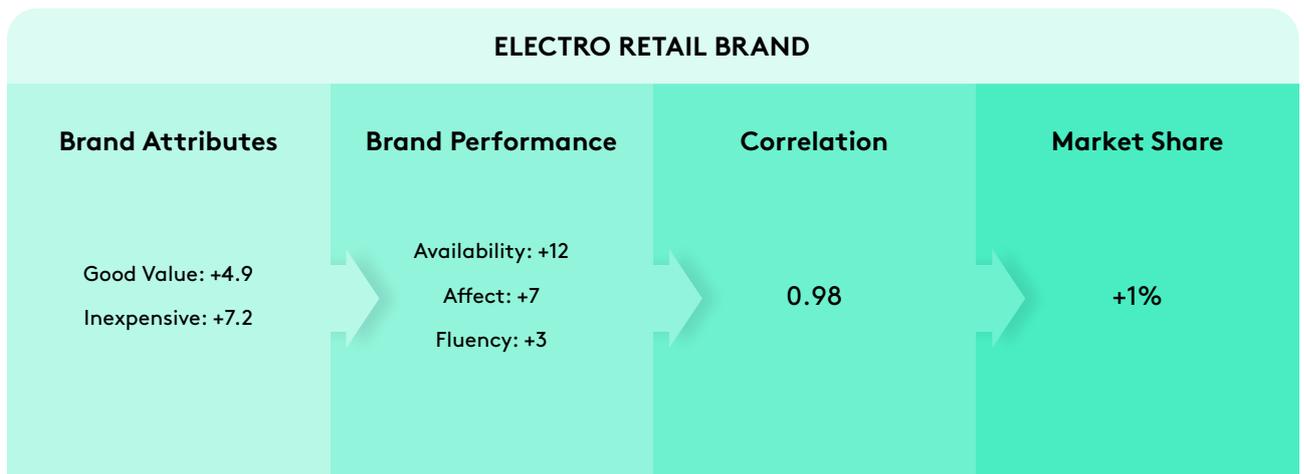
2.1.4. Pre-testing creative proposals to know if we will be able to achieve the result

In addition to having developed a research methodology that allows us to do a baseline measurement and thus determine the starting point, we also do subsequent studies showing the communication effort effect. But how do we know whether the campaign will work before investing in production and media?

Our research methodology has also resulted in a pretest model that allows us to measure different creative proposals to increase scores on attributes and performance. It makes choosing between different creative proposals easier, which we can now do based on objective data. For the electro retail brand, we tested 4 creative proposals on the reinforcement of the two brand attributes and the potential increase in market share. We chose the proposal that increases the numbers the most.

2.1.5. Conclusion

With the Best Self Brand model, we can determine which brand characteristics are important for a brand's market share to grow. We then know which brand attributes need to be reinforced through communication efforts. And we have developed a pretest methodology that allows us to objectively assess creative proposals for their contribution to strengthening the brand attributes that matter.

This also allows us to assess the importance of sustainability as a driver of market share. For a number of sectors, this is already very clear. We have given you two examples of sectors where common sense would tell us that sustainability already plays a very important role, but research shows that this is not yet the case.
This does not mean that we should not think about sustainable efforts, in time sustainability will become a driving factor in all sectors, but it does mean that not all sustainable efforts are yet market-driven and therefore do not deserve to be the center of communication.

2.2. Sustainability Brand Scan: defining the potential for innovation

BEST SELF BRAND	**SUSTAINABILITY BRAND SCAN**	**SUSPENSION OF DISBELIEF MODEL**	**FAST CHECK**
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2.2.1. The objective

If it turns out that sustainability is an essential driver of market share, the next question is how a brand can best implement this. Which initiatives have the most potential, which product innovations are most suitable? Consumer expectations play an important role here. As we saw in "De Duurzame Belg", consumers have different expectations depending on the sector.

2.2.1. Some of the results for clients

Bosto

Sustainability is a determining factor in the rice market. For Bosto, we investigated whether the most significant opportunity lies in the social aspect of sustainability (relationship with rice farmers, poverty alleviation, etc.) or more in the climate aspect. The conclusion is that reducing the negative impact on the climate is more important. Next, we looked for the innovation in product, product packaging, production process, …. that is most in line with consumer expectations and at the same time can lead to a large reduction in climate impact. The defined project is now in the final phase of the innovation process and will soon be introduced to the market.

Triodos

Triodos has been the most sustainable bank for forty years. Their entire business is built on it. They keep far away from the financial economy (repackaging financial products), but stick to creating positive impact in the real economy. Today, it is in danger of losing its sustainable pioneering position to the big banks that also claim to be sustainable. To avoid the perception that Triodos is slipping from market innovator to me-too, it wants to innovate its offering to widen the gap with the big banks again while respecting the expectations of existing customers and prospects. In this context, we have researched and assessed several new concepts' adoption and market potential. It also led to a more challenging tone of voice in its communication.

Informazout

We investigated the adoption rate, market potential and credibility of a yet-to-be-launched low-carbon liquid fuel among Belgian individuals.

EDI (D'Ieteren)

We researched the market potential and adoption rate of EDI's charging station solution and determined the communication drivers that will accelerate adoption.

Polestar

For Polestar, we mapped out the consumer's expectations of full electric driving and investigated the optimum relationship between communicating car features and sustainable features for Polestar.

2.3. Suspension of Disbelief: how to communicate sustainability credibly?

| ◇ **BEST SELF BRAND**	🔍 **SUSTAINABILITY BRAND SCAN**	♡ **SUSPENSION OF DISBELIEF MODEL**	⏱ **FAST CHECK**
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2.3.1. The starting point

If sustainability is market-driven and the right initiatives and innovations are ready to be put on the market, then it is important to make that communication as effective as possible. We have seen in the various studies we have conducted that this is easier said than done. The result of our latest research speaks volumes: a meagre 9.7% of campaigns on sustainable products are seen as credible by Belgian consumers (we examined 100 campaigns from ten sectors launched in the past two years).

There are several reasons why the vast majority of campaigns have a credibility problem. One is that 59% of the campaigns show one or more characteristics of greenwashing.
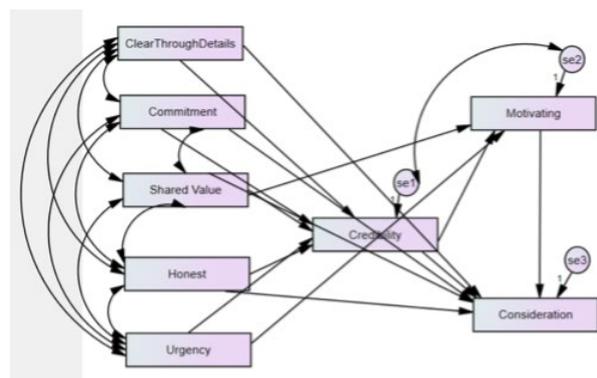
What defines the credibility of sustainable communication?

We looked for what drives the credibility of sustainable communication, and the result is a model that explains:

- 72% of the variation in credibility scores (in social sciences, a model is accepted if it passes the 30% explanation threshold)

- 60% of the motivation of consumers to make sustainable lifestyle changes

- 30% of the change in purchasing behaviour towards more sustainable products

The five elements and their importance are shown in the graph below. The perception of fairness weighs the most. This explains why greenwashing has such a negative effect on the reputation of a company or brand. The second factor is commitment. The more a consumer understands that the brand or company is serious and really commits to positive impact, the more credible it is believed to be. A third element is the sense of urgency. The consumer has long realised that it is all very urgent. It expects the business world to act accordingly. The "shared value" element points to the alignment with consumer expectations. As we

Drivers of credibility

	Commitment 0,269	Urgency 0,146
Honesty 0,435	Shared Value 0,1	Clarity through Details 0,093
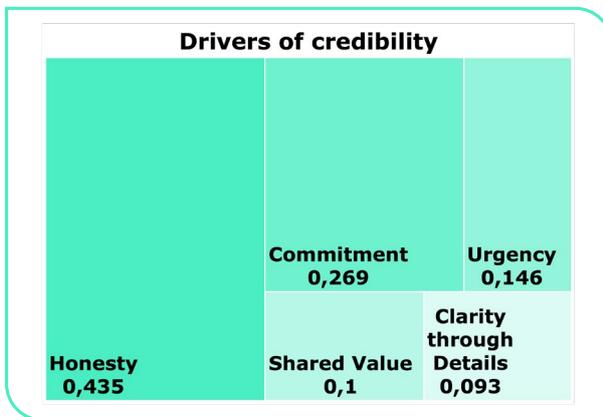
DRIVERS OF CREDIBILITY OF SUSTAINABILITY COMMUNICATION
Standardised regression coefficient

mentioned above, consumers have expectations that are not the same for every brand or sector. Making sure you meet those expectations helps your credibility. And finally, there is the importance of providing details or proof points.

This model has a solid scientific basis, which is why we decided to share it with our industry by publishing a white paper on it. It is crucial that we as an industry quickly find the right tone and, more importantly, leave the greenwashing behind. As we can see in the countries around us, governments are starting to regulate sustainable communications and punish companies that do not comply.

Finally, this model is very valuable for companies that mean well. For them, it is important that the efforts they are making are not thwarted by their communication. For them, it will be no problem at all to fill in these five elements. Companies that are not so serious will find it very difficult to apply this model and therefore find it very difficult to be credible.

2.4. Fast Check: scoring and testing of sustainable campaigns

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The research on credibility of the 100 campaigns gives us a benchmark and frame of reference that we can use to score new creative proposals or new campaigns. Since we have information about 10 sectors, we can benchmark new work against work within a given sector.

A **Fast Check** report gives an advertiser:

- the credibility score of a campaign or creative proposal

- how that score compares to the scores of the 100 campaigns

- how that score compares to the scores within the sector

- and how the campaign scores on the various drivers of credibility

Credible, n=600, %

spot vs Overall & Food Industry score
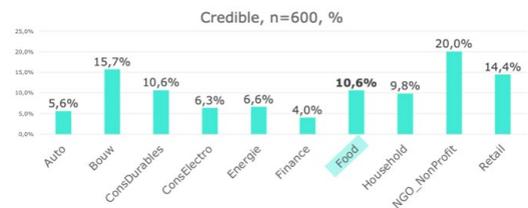
A Strong Academic Foundation

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The four tools explained above rely on a solid methodological and statistical basis.

In the case of the Best Self Brand model, we investigated how to measure the emotional component in a reliable direct way. We capture the emotional component by combining a smiley type of answer format that measures the emotional valence with a rev counter that measures the intensity. Cronbach's Alpha reliability index for this 2 indicator composite measure is above .8, which implies very high reliability. Using data modeling, we can also determine which factors (availability, affect, and fluency) determine market share to which extent. In the electro retail market we learned, for instance, that emotion is not a factor that influences market share. Drilling down on the level of brand attributes, we identified those assets that make the difference. With simulation technology, we assessed the impact of those assets on market share. On this basis audio spots were tested in a predictive way to choose the most powerful spot with the highest future impact on market share.

The Sustainability Brand Scan uses a smart parallel threshold segmentation algorithm that assigns respondents to three groups based on self-reported sustainable behavior : movers, movables, and resisters. From our 'De Duurzame Belg' reference study (Lannoo 2020) and subsequent new surveys, we have a benchmark that serves as a reference in customer projects. This helps to understand the dynamics of a specific category and the brands within.

In the Suspension of Disbelief model, we went beyond survey technology. By combining responses towards commercials and over 70 creative characteristics of the commercials in a meta-database, we nailed down the drivers and inhibitors of credibility. This identifies the DNA of effective commercials. With Structural Equation Modeling, the genesis and functions of ad credibility were identified in detail with high levels of explained variance: we really captured the foundation and

the role of ad credibility in the context of sustainable commercials. These findings will shortly be published in academic peer reviewed journals.

The same meta database serves as a reference in the Fast Check approach. The information on the 95 commercials tested in the Suspension of Disbelief project are used as an overall benchmark and category specific data enables us to rate a new commercial in an effective way with a strong frame of reference.

What can this mean for you?

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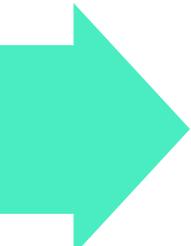
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BUBKA'S STRATEGY TOOLKIT

Conclusion

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Sustainability is becoming the norm for every company and every brand. Today, consumers are sceptical, and there is distrust of companies' efforts.

Yet it does not have to be this way. If companies understand the importance of sustainability to their industry, if they can better identify consumer expectations and align their sustainability efforts to those expectations, and if they understand how to market them credibly, the trust in those companies will grow, their efforts will be more appreciated and their sustainable transition will be a success.

And this is why we created this new Strategy Toolkit.

Bubka

Stand out. Grow strong.

MM MEDIA MARKETING · AGENCY OF THE YEAR

— INNOVATOR AGENCY 2022 —

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