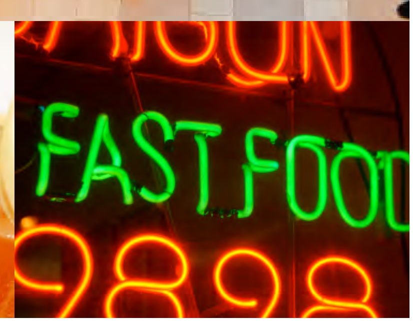
The Hartman Group

Redefining Quality
When Dining Out

Trends in wellness, organic, local and sustainability

A HARTMAN GROUP
POINT OF VIEW

FEBRUARY 2009



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A growing number of consumers are looking for healthier eating choices away from home. With hints of organics, locally sourced products and ingredients, health and wellness, and sustainability tossed into menu options, food retailers the likes of Seller's Market and Pagliacci Pizza, as well as heavy weights like Chipotle, McDonald's and Subway are trying to take advantage of a cultural shift toward higher quality experiences. While this has significant implications specifically for fast casual restaurants, opportunities abound for purveyors across all segments of food retailing.

CHAPTER I: The first chapter opens with a background and overview of sustainability, organics, and health and wellness with specific emphasis on relative merits of the consumer perspective.

CHAPTER II: The second chapter foreshadows our learnings on sustainability with several lessons gleaned from the related case of organics.

CHAPTER III: Chapter Three is comprised of a concise, direct review of our health and wellness learnings applied directly to fast casual dining occasions.

CHAPTER IV: The fourth chapter considers sustainability as understood through the eyes and ears of US consumers circa 2008. Here we will offer some insight into the consumer's taxonomic and cognitive understandings of sustainability, in addition to describing common adoption pathways and consumer interest in specific product or service attributes.

CHAPTER V: In chapter five we will leverage our learnings regarding consumers and sustainability by summarizing implications for fast casual dining occasions. In addition to covering some critical implications for the retail experience, we will also summarize key sustainability cues as they vary by critical categories of foods and beverages.

CHAPTER VI: Finally, chapter six consists of a series of case studies of what works — and, perhaps more importantly, what does not — with regard to sustainability in fast casual and QSR settings.

From organics to sustainability …and then what?

While it is surely something of an understatement to suggest there has been a whirlwind of activity surrounding organics and sustainability in the past decade, our current epoch may strike some analysts as a bit unsettling. The subject of organics, in particular, has garnered much hand-wringing as of late as several manufacturers and retailers have stumbled after tipping their hat into the organic ring. A recent article in *BusinessWeek* details Walmart's alleged difficulties with the "mainstreaming of organics."[1] Several major manufacturers have encountered similar challenges as we collectively struggle to come to terms with where organic is — or, more appropriately, is not — headed.

At the same time, when the topic of conversation turns to sustainability, our collective interest in the dialogue is seemingly on a permanent, positive upswing. A casual review of media headlines from a single week in March 2007 shows *Time Magazine* in a cover story positing that locally grown food might be a means of "eating better than organic,"[2] while *Sports Illustrated* on its own cover examines athletics in the context of global warming and states: "As the planet changes, so do the games we play (*time to pay attention*)."[3] And not to be outdone, *The New York Times* publishes a special section titled "The Business of Green" and examines topics as diverse as the formerly fringe alternative energy industry going mainstream, the availability of carbon offset gift cards in retail settings, and attempts by the restaurant industry to "keep clean in environmentally sound ways."[4]

Fast forward some 13 months and once again *The New York Times* chimes in yet again with an entire issue of their Sunday Magazine devoted to the topic.[5] If organic is currently undergoing growing pains, the era of sustainability, it would seem, is now fully upon us.

And yet, while this observation may give some pause to celebrate, there is one critical perspective often ignored by the very analysts and writers who are themselves heralding the alleged demand for sustainable living, products and services.

Namely, the *consumer's* perspective.

We focus a bit here on the case of organics explicitly as it is directly linked to both notions of sustainability as well as health and wellness. Extrapolating from some of the initial success of organics — with surprisingly little critical insight into organic's current challenges — most in marketing and analyst circles make the critical assumption that a public dialogue regarding sustainability issues combined with the presence of sustainable products and services and/or corporate initiatives surrounding sustainability are, itself, evidence of rampant consumer interest in "all things sustainable." But as we learned from our

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[1] *BusinessWeek*, "Organics: A Poor Harvest for Walmart", April 13, 2007

[2] *Time Magazine*, "Eating Better Than Organic", March 2, 2007

[3] *Sports Illustrated*, "Going, Going Green", March 6, 2007

[4] *The New York Times*, "The Business of Green (Special Section)", March 7, 2007

[5] *The New York Times*, "The Green Issue", April 20, 2008

initial forays into the green marketplace in the late 1980s and early 1990s, as well as the more recent challenges with organics, such assumptions are indeed quite dangerous.

In the nascent days of the so-called “green marketing” era of the late 1980s and early 1990s, analysts assumed that all of the attention and (alleged) consumer interest in green marketing would translate to higher margins and price premiums. As it happened, while consumers *were* more than willing to engage researchers and analysts by signaling their purchase intent for green products on surveys, their regular everyday behavior proved markedly different. In short, while consumers demonstrated varying degrees of affinity with the *idea* of green marketing, their behavior demonstrated little such affinities.

With this cautionary tale in mind, we have completed two comprehensive studies of organics and sustainability in the past 9 months as currently perceived — and enacted — according to the contemporary consumer. Rather than simply intuiting their interest by looking outward to the marketplace that surrounds us, we visited consumers in their homes, schools, workplaces, retailers and restaurants to get a first-hand account of what sustainability does — and does not — mean to them.

For better or worse, the short story is that there is no short story here — no “magic bullet” or “key” to cracking the organic or sustainability code. As understood by the contemporary consumer, organic and sustainability represent a vast and wide open territory of meaning and practice with often only fleeting and tangential connections to the consumer arena.

To be certain, consumers are interested in many differing threads and currents from of the domains of organics and sustainability, but much of their interests have little in common with their consumer behavior per se. And while we will offer specific actionable insight down to the level of retail and product category, we caution against making the mistake of believing you can involve the organic or sustainability consumer with a couple of interesting ingredients, the addition of a few compact fluorescent light bulbs to your restaurant environments, or some cleverly worded POP materials. The reality is that organic, health and wellness, and sustainability are much more complicated and confusing terrains than many would lead you to believe.

But before turning to consider in greater detail how individual consumers make sense of health and wellness and sustainability, we believe we can glean important insight by examining learnings from the historical trajectory of the organic marketplace.

Key Insights

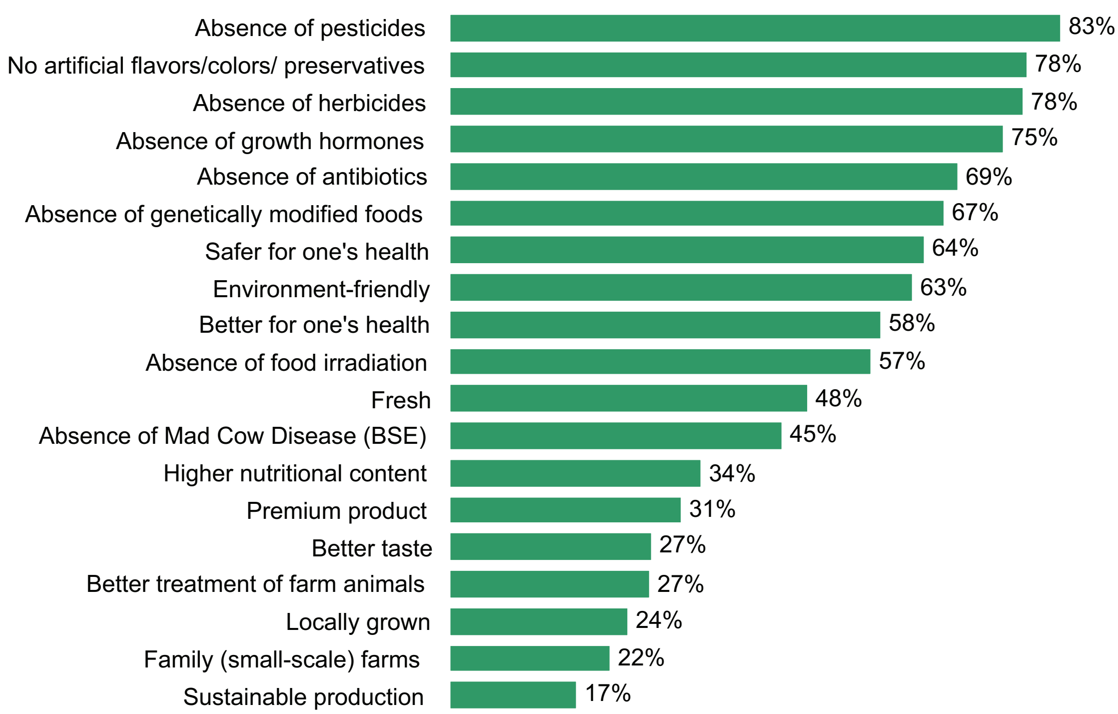
- A media dialogue regarding sustainability issues combined with the presence of sustainable products and/or corporate initiatives surrounding sustainability should not be taken as de facto evidence of consumer interest in sustainability.
- Sustainability means very many different things to many different people. Sustainability is a vast and wide open territory of meaning and practice with often only tangential connections to the consumer arena.

The most important thing we've learned from our research on the organic marketplace is this: No matter what the rest of us may believe or desire as marketers, manufacturers, distributors, retailers or restaurant operators, the consumer's perspective and reaction are almost always different and forever evolving — sometimes radically so. This isn't necessarily because consumers have different goals or values than the industry as it is attributable to the fact that these "worlds of understanding" always take on a life of their own. This is a natural social process.

In their earliest incarnations, both organics and sustainability were championed by passionate, ideological evangelists with strong principles and a commonly understood purpose. Because many of these "core" followers shared similar ideologies and spirit, strong subcultures often developed. These were promising worlds.

In the case of organics, as the products, narratives, values and practices spread and seeped into the mainstream throughout the 1990s, we found that the very notion of organic was transformed — often against the wishes of those in the industry.

Figure 2.1) From the following list, what properties do you think are implied or suggested by the term "organics"?



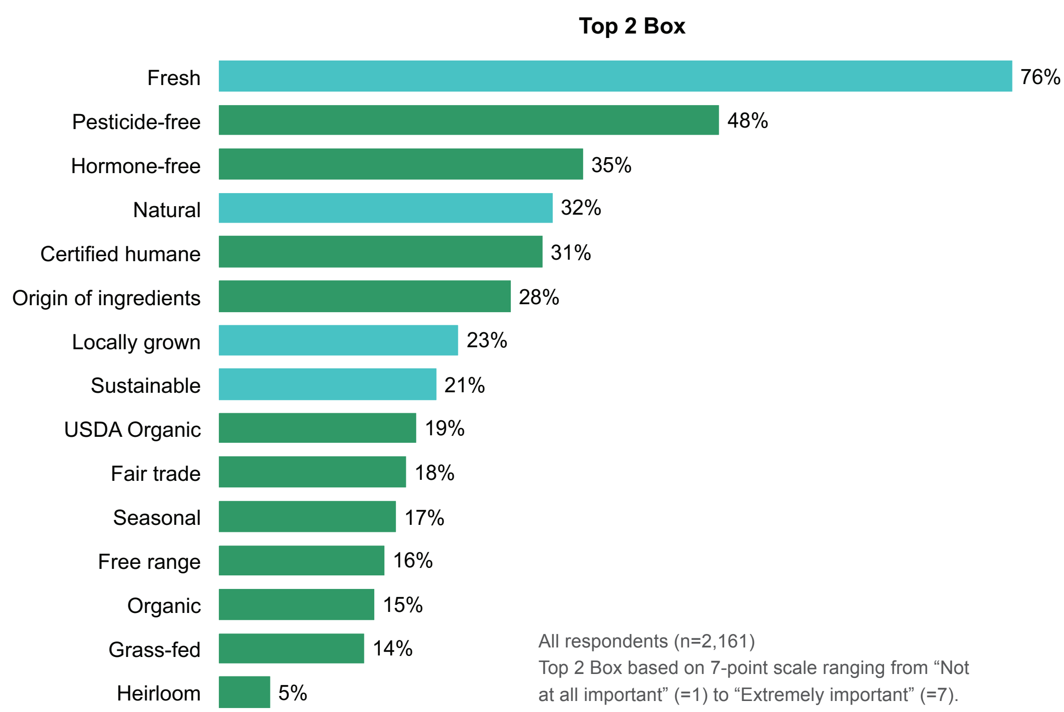
Source: *The Many Faces of Organic 2008*. The Hartman Group, Inc., 2008.

Our most recent Organic Syndicated Study (released June 2008) indicates that “organic” has now become a ubiquitous cultural symbol meaning many, many different things to many people. For further example of this diversity of meaning, see Figure 2.1 above.

Some share traditional understandings regarding concerns with pesticides or the environment. But we also find consumers who understand organic as a personal health issue. Others pursue organics due to taste. Many more recent converts view organic as a way of alleviating allergies. Still others feel like a “better parent” if they maintain an organic household. And finally, many consumers opt for organic products due to an interest in gourmet foods.

Looking at Figure 2.2 below, we see that organic now resides below “sustainable,” “local,” “natural” and, most importantly, “fresh” as a useful marker of distinction among consumers of packaged food and beverage products.

Figure 2.2) When selecting foods and beverages to purchase, how important are the following labels or phrases to you?



Source: *The Many Faces of Organic 2008*. The Hartman Group, Inc., 2008.

As of this writing, organic has now diffused to the point that it is mainstream, nearly ubiquitous and in danger of becoming rapidly diluted — at least insofar as a marketing attribute. While some consumers surely still desire organic options, it is simply not a significant point of distinction for most packaged food categories or fast casual preparations. To be certain, organic seems to work better within certain traditional “bellwether” categories (namely dairy and produce), but even there, significant challenges remain.

And in terms of brand halo, we see the organic halo being driven largely by a few key retailers (Whole Foods Market, Trader Joe's, etc.), less so by CPG manufacturers and not as of yet by fast casual or QSR operators. At least from a leverageable marketing position, the organic distinction appears to be on the wane.

In fact, it is precisely because of organic's cross-pollination with the foodie movement — which for years was driving sustained growth in organics — that we are now seeing many leading natural retailers reposition their brands more toward gourmet food and less toward natural and organic. Organic is now a minimum standard rather than a true point of distinction or differentiation.

Organic in fast casual

Turning to consider organic's relevancy to fast casual dining occasions, we believe organic's continued dilution in the broader marketplace will result in ever-more limited applicability across fast casual consumers and occasions.

Firstly, our evidence suggests that while organic increasingly means many more things to more people, the sum total utility of those meanings is relevant primarily at — and within — the household. That is, consumers are most likely to seek out organic options when it comes to safeguarding the overall well-being or quality of life of their *families'*. And our research shows that such goals are largely enacted as household-level norms that are otherwise "off-limits" on QSR or fast casual dining occasions. As we will see in later discussions regarding health and wellness, this general observation also explains why consumers are much more "health and wellness" focused during in-home dining occasions and (relatively) less wellness driven on QSR or fast casual dining occasions.

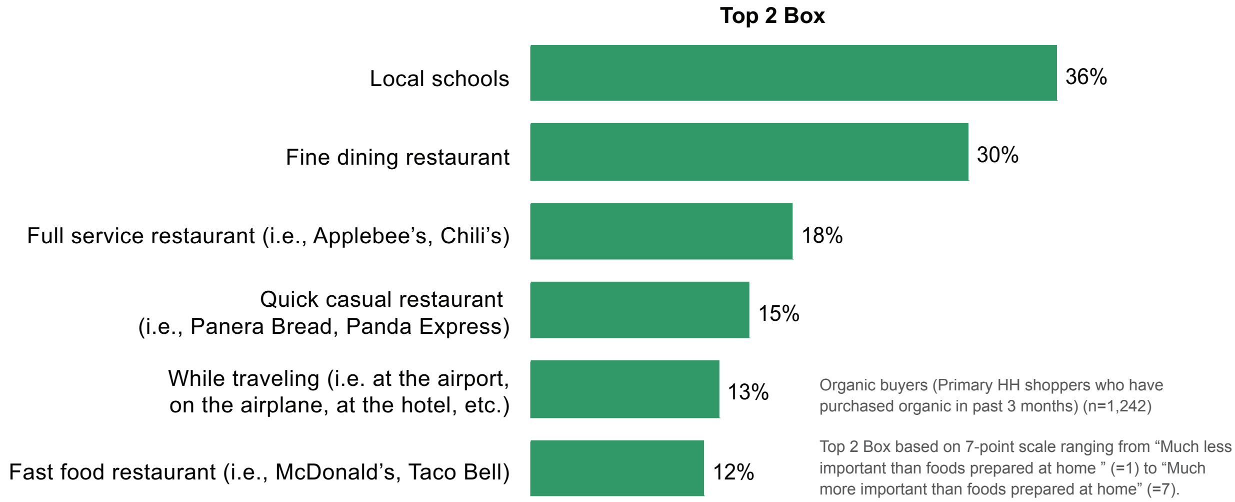
The simple story is that the home is where consumers strive — as much as is practically possible — to care for themselves and their families. And when dining outside the home, much of the normative regulations regarding health and wellness (organics, sugar, calorie intake, ingredients, etc.) tend to "fall by the wayside."

This finding is echoed in the data summarized in Table 2.3 below. We asked consumers, "Compared to home, how important are organic foods and beverages at the following types of places?" with a comprehensive list of dining channels provided.

Not surprisingly, "local schools" led the list at 36% (inclusion in the top two highest response categories). This is indeed evocative of the strong tendency to seek out organic as a means of regulating the overall health and wellness for the entire household. When organic cannot be served at the dinner table, its importance is felt at the next closest place — the child's lunch table.

But the results of the second highest categorical response — fine dining occasions — signals yet another consistent finding with regard to organic among contemporary consumers. Namely, aside from relying on organic as a means of providing healthier foods and beverages for one's family (ideally inside the home), the second most common and critical use of organic by contemporary consumers arrives in the form of a proxy for quality. That is, consumers increasingly rely on the distinction to ensure "higher quality," "better tasting" products more than they do "products free from pesticides," etc.

Figure 2.3) Compared to organic foods prepared at home, how important are organic foods and beverages at the following types of places?



Source: *The Many Faces of Organic 2008*. The Hartman Group, Inc., 2008.

As we see in the data summarized above, the organic distinction is significantly more likely to be salient on fine dining occasions as compared to quick casual or fast food occasions. Simply put, consumers outside the household are relying on the distinction largely as a symbolic marker of quality and an indicator of better taste, and those dimensions are much more salient on fine dining occasions than quick casual or fast food dining occasions.

When combined with insights from qualitative research, the findings above provide a clear, framework for making sense of organics by those involved in the fast casual channel. Because consumers outside the household are relying on organic as a symbol of quality, organic's relevance as a quality distinction is exacerbated in non-processed categories (produce) and minimized in processed food categories (mayonnaise). We have summarized organics relevance into three primary categories (high, moderate and low) in the table below.

Table 2.1) Relevance of organic usage in fast casual settings by product category

PRODUCT CATEGORY	RELEVANCE OF ORGANICS
Produce (lettuce, etc.)	High
Fruit & Juice	High
Milk & Dairy	High
Meats	Moderate
Cheese	Moderate
Breads	Low
Condiments	Low
Salad dressings	Low
Chips & Snacks	Low
CSDs	Low
Non juice beverages	Low
Coffee	Low

The bottom line here is that within the context of fast casual dining occasions, we see little current relevance — and perhaps even less future — for the organic distinction. To the degree that fast casual brands pursue organics, they should do likely do so in the domains of produce, juices and dairy.

Key Insights

- As we learned in the case of organics, you cannot control, modify or otherwise shape where consumers head with their understandings of, or interest in, the organic domain.
- Our most recent research indicates that “organic” has now become a ubiquitous cultural symbol meaning many different things to many people.
- Organic now resides below “sustainable,” “local,” “natural” and, most importantly, “fresh” as a useful marker of distinction among consumers of packaged food and beverage products.
- When dining outside the home, the organic distinction is relevant primarily within the confines of school cafeterias (where consumers hope to safeguard their children’s health) and secondarily within the confines of fine dining occasions (where organic serves as a marker of quality distinction).
- Within the context of fast casual dining occasions, we see little current relevance — and perhaps even less future — for the organic distinction. To the degree that fast casual brands pursue organics, they should do so in the domains of produce, juices and dairy, and to a lesser extent meat products.

As we have alluded earlier, perhaps the biggest single finding to emerge at the intersection of health and wellness and "dining out" behavior concerns the overall challenges to enforce household-level norms regarding healthy eating habits once outside the domain of the household.

For better or worse, the household remains the single domain over which consumers exert the most effective control over their — and their families' — eating habits. Yet when dining outside that domain, we find that many of the typical normative controls (*what is* prepared, choice of ingredients, *how much* is prepared, serving sizes, access to seconds, etc.) all but disappear as consumers engage in the most patriotic of consuming styles — satisfying the self. As we are all taught from a very young age, the single rule of restaurant dining is that we all get to pick and choose exactly what we want to eat from a menu, as opposed to necessarily dining on what Mom or Dad (or husband or wife) would prefer us to eat in the form of a single family meal.

So from the consumer perspective, the most challenging question remains: "How can I — and my family — eat more healthfully when we are by nature eating in situations in which we have little control over what my family might desire (namely *choose*) on the menu?"

Redefinition of quality and the rise of fast casual

Our research suggests that fast casual's biggest achievement to date — the "big win" has been to answer the above conundrum by offering health and wellness-interested consumers the promise of an overall higher quality food and beverage experience. That is, fast casual's success in the health and wellness arena has been less about the abject healthfulness of the specific ingredients or preparations than it has the larger quality halo generated by the fast casual experience (especially when compared to traditional QSR/fast food experiences).

This finding is in line with our more general, consistent finding of a gradual paradigm shift away from traditional notions of healthy eating and/or "better for you foods" toward higher quality eating experiences — what we term the "redefinition of quality."

To be certain, consumers have *not* abandoned their interest in healthier eating habits or healthier food products. But what is important to understand is that before those attributes can even resonate with consumers, the experience must first qualify as *quality food experience*, and the rules for qualification are not necessarily what we might expect. Increasingly we find that quality for many health and wellness consumers is more about higher-order principles such as fresh, local, seasonal and artisanal than the more focused interest in ingredients and health attributes (e.g., carbs, fat or sodium).

Likewise, if the experience is truly sufficient to resonate as authentic quality, that resonance will often prove far more powerful — and contribute much more to your brand halo — than attributes such as low sodium, low fat, low calorie, etc. In simple terms, the pursuit of authentic quality food experiences is now subsuming what were once major trends (low carb, low sodium, fat free) and transforms them into more minor attributes.

Implications of the redefinition of quality for fast casual and QSR occasions

With regard to health and wellness consumers dining in fast casual and QSR settings, our overall advice is to think about quality in the big picture and worry much less about the specific "nuts and bolts" related to menu construction and food preparations. If that sounds vague, it's because it is. Thinking about quality in the abstract by definition implies that there is no magic formula or set of rules that will guarantee success.

Be that as it may, we have distilled many of our learnings regarding health and wellness consumers in fast casual settings and summarized them in a more focused fashion in Table 3.1 below.

Table 3.1) Driving quality impressions for health and wellness consumers in a fast casual context

WHAT WORKS	WHY
• Local products	• Suggests freshness, higher quality
• Use of product variations leveraging strong in-category distinctions (e.g., goat cheese rather than simply cheese)	• In-category distinctions serve to decrease likelihood that product is associated with processed foods
• Products named after purveyors	• Suggests artisanal aspects of quality and cues authenticity
• Seasonal products / flavors	• Emphasizes freshness appeals (local & health)
• Product narratives detailing authentic people/places	• Narratives demonstrate commitment to quality, desire for transparency
• Unique, interesting flavor profiles	• Supports growing food experimentation and broader interest in foodie culture
• Open production system	• Drives freshness attributes
• Fresh baking on premises	• Drives freshness attributes
• Lists of daily specials	• Drives freshness attributes at local restaurant level
• Minimal branding	• Cues authenticity; most consumers equate ubiquitousness with an eventual decline in quality
• Unique/customized store layouts	• Gives consumers the sense that each restaurant is a unique, local experience
WHAT DOESN'T WORK	**WHY**
• Strong focus on nutritional information	• Overly didactic, most consumers are not interested in these details when dining outside the home
• Designations such as "low fat" or "fat free"	• Overly didactic, makes you appear more like fast food and traditional QSR
• Designating certain preps as "Heart Healthy"	• Such "seal systems" are dated and didactic; suggest that remainder of menu is "not so healthy"
• Centralized branding strategies designed to homogenize the in-store experience	• Consumers prefer unique, eclectic fast casual approaches at the local level
• Use of branded ingredients associated with iconic CPG brands	• Consumers associate such products with lower quality, industrialized food experiences

Turning attention to specific health and wellness threads and themes

While we have summarized our "big picture" approach to quality in QSR settings in Table 3.1 above, there are nonetheless some specific insights worth mentioning with regard to health and wellness and fast casual dining occasions.

Ingredient trends

Because there is little question that we are headed toward ever shorter — and ever more severe — ingredient trend lifecycles, as demonstrated by the rise and fall of low carb, we generally recommend that restaurants avoid becoming over-focused on presenting the most current fads in consumer ingredients. That said, we note the following more trend-specific (i.e., not fads) patterns:

Sugar and artificial sweeteners: Sugar continues to be the most demonized molecule in health and wellness consumers' lives and will likely retain that status in the years to come. Likewise, sweeteners are especially mistrusted when it arrives in the form of high fructose corn syrup (HFCS). Obviously try to reduce the presence of HFCS wherever possible. Do not, however, make the mistake of assuming that consumers — especially on fast casual occasions — are *always* looking for ways to limit their sugar intake. Consumers are also not seeking out low-sugar options, but are instead increasingly seeking out savory offerings. The best strategy here is to provide a panoply of sensible options rather than designing special "low sugar" menus options (e.g., low-calorie desserts) as well as focusing on high quality sugars when they are needed and used (i.e., cane sugar vs. refined sugar is viewed as a healthier alternative).

Protein: Protein remains the most desirable food molecule. Though here again, the goal should be to provide a menu that offers several higher-protein preparations (e.g., cheese plate) that are naturally higher in protein rather than "high protein by design." Health and wellness consumers prefer to achieve their goals by using your menu for *their* ends rather than being manipulated by your menu for their own (alleged) betterment.

Trans fats: Trans fats are on consumers' collective radar, yet by now most consumers expect that fast casual restaurants have already removed — or are in the immediate process of removing — trans fats from their menus and preparations wherever possible. Any mention of the absence of trans fats should never appear on menu boards, where such mention would denigrate the fast casual experience to that of fast food. Instead, mention such status discreetly on supplementary nutritional information, or fine print on back of menus.

Preparation trends

Smaller portions: What began as a much larger trend in fine dining (i.e., tapas), has found a convenient home among health and wellness consumers looking to limit their caloric intake on fast casual occasions. Importantly, we find that fast casual consumers respond more favorably to smaller portions that appear "naturally so," as opposed to reduced portion sizes that are officially noted on menus or otherwise called-out with calorie counts. We also find that many consumers, especially older segments, continue to find that even mini portions are still too large and are looking for the "right size" portions. The old adage "show don't tell" applies here.

Anything not fried: This may seem obvious, but perhaps the single preparation trend to achieve permanent, fixed status in the health and wellness lexicon is the overall aversion to fried foods and on fast casual occasions this trend continues unabated. Wherever possible, fast casual menus should emphasize non-fried preparations.

Fresh: Fresh is one of the most significant trends we've seen in food culture that extends across categories and occasions. Consumers are increasing seeking out less processed products with origin narratives.

Local: Links to local and/or regional food production and sources is an upcoming trend that signifies quality and, thus, healthier more powerfully than most attributes. Communicating these stories creates a halo of transparency and authenticity across the brand.

Summary

In many ways, the *entirety* of fast casual's success has been attributable to their ability to provide a much-needed "quality update" to traditional QSR fast food while still maintaining a commitment to convenience. And it is precisely this quality update that health and wellness consumers are seeking when they choose fast casual options.

The critical challenge for those in the QSR business is this: How to maintain a consistent, high-quality experience without falling prey to many of the forces that themselves now relegate fast food to "second class citizen" status. Namely predictability, uniformity and homogeneity. Remember, health and wellness consumers disdain traditional fast food precisely because they deem it too "factory like."

Key Insights

- Fast casual's success in the health and wellness arena has been less about the abject healthfulness of the specific ingredients or preparations than it has the larger quality halo generated by the fast casual experience (especially when compared to traditional QSR/fast food experience).
- Increasingly we find that quality for health and wellness consumers is more about higher-order principles such as fresh, local, seasonal and artisanal than the more focused interest in health attributes (e.g., carbs, fat or sodium).
- With regard to health and wellness consumers dining in fast casual and QSR settings, our overall advice is to think about quality in the big picture and worry much less about the specific "nuts and bolts" related to menu construction and food preparations.
- Sugar continues to be the most demonized molecule in health and wellness consumers' lives and will likely retain that status in the years to come. High fructose corn syrup is especially mistrusted and may in fact be the next "trans fats."
- Protein remains the most desirable food molecule. The goal should be to provide a menu that offers several higher-protein preparations (e.g., cheese plate) that are naturally higher in protein rather than "high protein by design."
- Trans fats are on consumers' collective radar, yet by now most consumers expect that fast casual restaurants have already — or are in the immediate process of — removing trans fats from their menus and preparations wherever possible. Any mention of the absence of trans fats should never appear on menu boards, where such mention would denigrate the fast casual experience to that of fast food.
- Fast casual consumers respond more favorably to smaller portions that appear "naturally so" as opposed to reduced portion sizes that are officially noted on menus or otherwise called-out with calorie counts.

- Fresh and local are significant trends in food culture and should be leveraged across categories and the overall brand experience.

Sustainability and the need to move beyond conventional understandings

Our most recent consumer research reveals that, as in the case of organics, consumers demonstrate a similarly vast and rapidly diffusing set of understandings, practices and beliefs surrounding sustainability. *Importantly, only a fraction of those practices and beliefs are connected directly to consumer products or services.*

Many believe sustainability is about saving water and energy (and money) on their utility bills. Others are convinced it is about walking to work in nice weather. Most believe it is about recycling. Nearly all agree that sustainability is about protecting the planet from climate change. To that end, most are aware at a general level of the issues championed by Al Gore and his recent film *An Inconvenient Truth*. Still others focus heavily on buying only local products. And, of course, for many sustainability is simply a profound skepticism of "big organizations" or a marked disdain for capitalism.

Perhaps most challenging for the industry, we see no *consistent* narrative demonstrating a shared understanding of sustainability as it relates to consumer products or services. Some believe sustainability is achieved through zero-impact consuming, others believe it is achieved by purchasing fluorescent light bulbs at Walmart, and still others believe it is enacted by (ideally) not consuming at all. And of those that do connect sustainability to consumer products and retailing, many believe sustainability is more about how organizations treat their team members than the products or services offered by organizations.

But in the end the point remains, most consumers do not intuitively make a connection between *traditional* sustainability concerns and the ordinary, mundane consumer products or services they purchase. Many well-meaning manufacturers and retailers with proposed sustainability initiatives will no doubt express frustration at the above conclusion. And while we have tried to communicate this point from a number of different angles, the best explanation we have found is this: When traditional sustainability issues *do* resonate with consumers, they trigger a number of differing philosophical, ideological and self-interest concerns that are enacted at a much more abstract level than everyday tasks like shopping for deodorant or cookies or grabbing lunch at a drive-thru.

With the exception of a few functional categories offering specific, tangible benefits (compact fluorescent light bulbs, hybrid automobiles, etc.), most consumers only rarely think to associate their shopping or dining with "making the planet a better place," however loosely defined.

Put another way, why *would* we expect consumers to really believe that their choice of cookies, bottled water, dry cleaner or restaurant would really have any lasting impact upon such important matters? In fact, *most* consumers believe that to attempt to make such connections (i.e., sustainable water) actually trivializes the very issues and concerns at hand.

However, as we found in our most recent research, *if* we open our industry-centric definition of "sustainability" to include otherwise non-intuitive notions such as local and social responsibility under its rubric, we find considerable more consumer traction at the intersection of sustainability and shopping/dining behavior. Before considering this issue in greater detail, we begin with a look at how consumers

first come to make sense of sustainability from a cognitive or intellectual perspective.

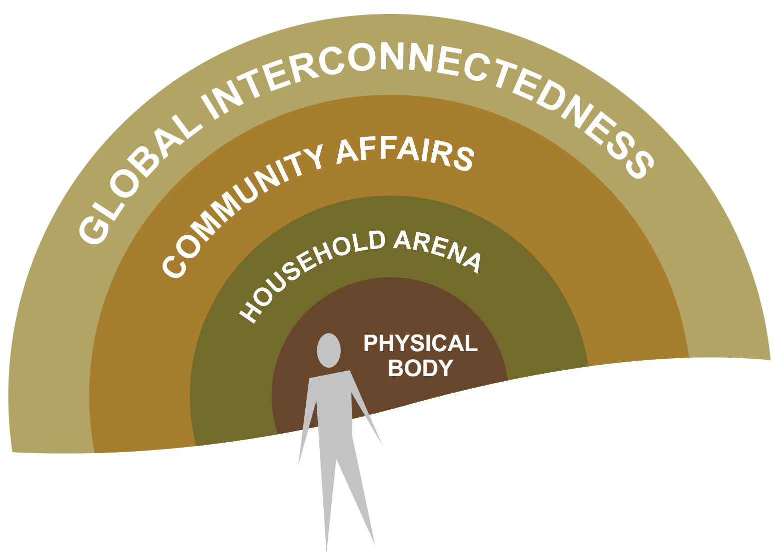
Sustainability is not a word

Our first order of business is to point out that "sustainability" is not a word *ever* deployed by consumers. It remains a term used by public policy, activists, analysts, and, most commonly, those in consumer and retail industries who believe their brand may gain a competitive edge if they adopt sustainability initiatives. To this end, the word "sustainable" is not something that should be deployed in current communication strategies as consumers demonstrate little consistent understandings — or interest in — this phrase.

On the other hand, consumers *are* able to talk at length about a wide variety of topics and issues falling under the rubric of sustainability. Consumer engagement with these concerns can be described as varying degrees of "sustainability consciousness" — the ability to link everyday elements of life (objects, consumer goods, behaviors, actions, ideologies) to larger problems (air quality, community health, global warming, the environment, etc.).

Sustainability consciousness can itself be conceptualized as critical zones of risk awareness beginning with the body and ranging outward to the broader environment and ecosystem. The continuing outward spread of risk awareness is shown graphically below.

Figure 4.1) Zones of Risk Awareness



Source: *The Hartman Report on Sustainability: Understanding the Consumer Perspective*. The Hartman Group, Inc., 2007.

It follows that the evolution to sustainability awareness centers on life events and circumstances that draw people *outside* of themselves. As individual sustainability consciousness develops, it grows from the physical body, to the household, to the community and finally to global interconnectedness. The ability — and the tendency — to "look beyond the personal" is a marker of systems thinking, which is the end result of sustainability consciousness. Examples of systems thinking that motivate interest in sustainability:

- Having children tends to dramatically impact understandings and increases mental and practical investments in issues of sustainability.

- Participating in outdoor recreation that centers on or around wilderness areas or undeveloped land (e.g., hiking, cross-country skiing, rock climbing, sailing, fishing, camping) brings face-to-face confrontation with balancing conflicting needs.
- Narcissism impedes sustainability consciousness and action; thus, the recognition that the world doesn't just "revolve around me" is a pathway to sustainability consciousness.
- When a cherished "way of life" shared by many people comes under siege of broader changes — that is, when a future life that was assumed as a given by the group becomes threatened — questions of sustainability are likely to arise (e.g., "Will I have access to clean water?", "Will I still be able to get local produce?")

Systems thinking, defined as the ability to see how processes are interconnected, is a key marker of a highly evolved sustainability consciousness. As consumers gain a more highly developed sustainability consciousness, they move from a "compartmentalized consciousness" towards a "holistic consciousness." Importantly, very, very few US consumers ever achieve anything approaching this holistic consciousness, a finding that is directly attributable to our unique cultural heritage of rugged individualism. For better or worse, Americans are simply not intuitive "systems" or "holistic" thinkers. Interestingly, in advanced Western societies with less cultural emphasis on individualism (Sweden, Denmark, Norway, Holland, etc.) we find much stronger evidence of holistic sustainability consciousness. Because this is a cultural observation based on 200 years of sociocultural evolution, we do not expect this situation to change markedly in the next 50 years.

But the key takeaway here is that for the vast majority of consumers (~82%), sustainability begins with the body (the person) and trickles out from there to the family and local community. And that's about as far as it gets for *most* US consumers. This single finding yields powerful marketing insights for manufacturers and retailers in the consumer packaged goods industries; namely:

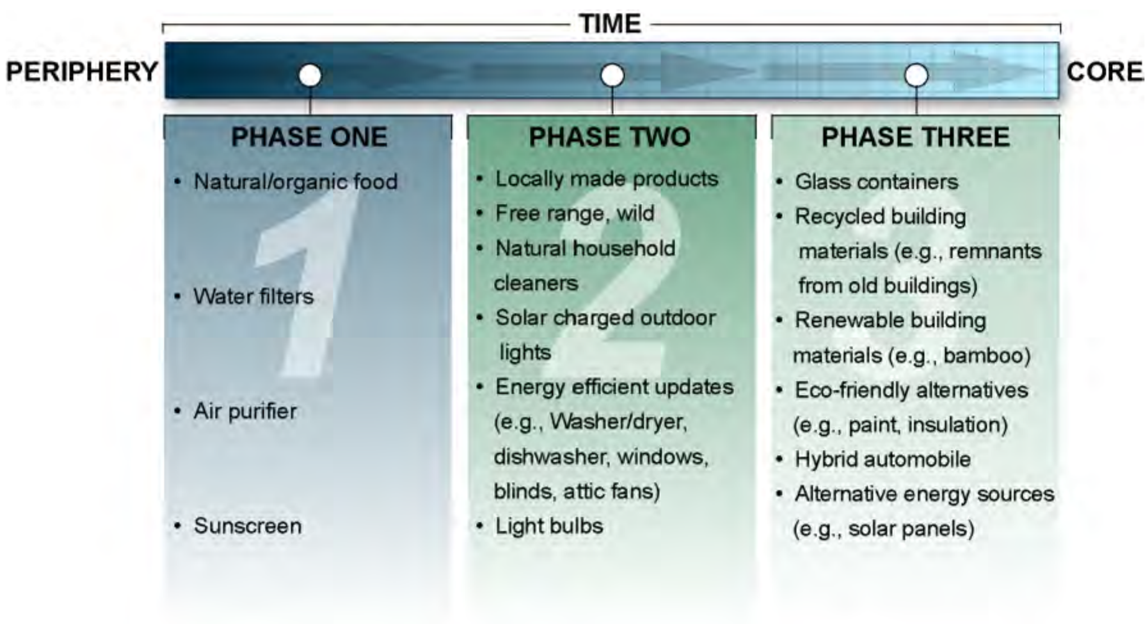
- Avoid sustainability initiatives focused on global politics, global economic issues, macro-environmental issues, climate change, etc.
- For most, the local community is the highest level of analysis within which sustainability consciousness can be activated. Hence, consider how your organization, restaurant or brand can engage sustainability at a community, local or household level.
- Where possible, focus on concrete, tangible things that will benefit consumers directly. "Technological tweaks" will always prove the easiest sell to sustainability-interested consumers.
- Do not get bogged down in macro-environmental concerns as they relate to product packaging and messaging claims. Claims such as "100% post-consumer content," "printed on recycled paper" and "zero carbon impact" are all but irrelevant (and invisible) to the vast majority of consumers.

Product-level implications

More critically, though, by understanding that consumer involvement with sustainability begins at the level of the self, quite literally *within* the body, before moving gradually outward to encompass the family, household and community (where it usually begins to ebb), we can begin to chart adoption pathways.

Analysis of qualitative data gathered from interviews with more than 75 household reveals three primary phases of adoption for sustainability product purchasing habits. These phases are detailed in Figure 4.2 below:

Figure 4.2) Phases of Adoption for Sustainability Purchasing Habits



Source: The Hartman Report on Sustainability: Understanding the Consumer Perspective. The Hartman Group, Inc., 2007.

Because most consumers begin purchasing sustainable products that offer very specific and personal benefits to one's body, we find the adoption process most often begins with products that may offer personal or familial health and wellness benefits (natural, organic and/or local food alternatives) with subsequent adoption of filtration systems and simple personal care products such as sunscreen.

The second phase of adoption is also fairly personal as it tends to begin with even finer distinctions in food such as "local," "wild" or "free-range" alternatives. Natural household cleaners become more important within the home for health and wellness as do light bulbs and energy-efficient appliances — perceived to have long-term financial benefits for the individual and household. In this second phase, we begin to see adoption of key products that have less direct personal and/or household benefits per se, (i.e., local furniture and art), but whose purchase supports local communities.

While the third phase of adoption continues to have some elements of personal benefit (e.g., eco-friendly paint or a hybrid car), most purchases are driven by desires for near-term and local, social or environmental benefits. Exclusive use of glass containers, recycled or renewable building materials and alternative energy sources are some of the advanced sustainable products adopted at this time.

Further analysis of adoption pathways, purchasing behavior at shelf and consumption behavior in the household reveals the following product, packaging and communication insights:

Figure 4.3) Product, Packaging and Communication Insights

WHAT WORKS	WHY
• Local products	• Taps into felt need to support local communities and places
• Organic products	• Taps into need to provide safe products for self/ family
• Seasonal products / flavors	• Emphasizes freshness appeals (local & health)
• Product narratives detailing authentic people/places	• Demonstrates support of local, regional, artisanal
• Clear packaging	• Creates symbolic connection to transparency
• Minimal brand impression	• Creates symbolic connection to local; "smaller" brands appear more local
• Playful marketing voices	• Taps into less formal brand feel, more local/ grassroots
WHAT DOESN'T WORK	**WHY**
• Legacy brands with the words "environmentally friendly"	• Too vague to connect with consumers
• Packaging that claims "Made from Recycled Paper"	• Irrelevant to consumers' more self/family-focused world
• Packaging that claims "Zero Carbon Offset"	• Most consumers do not understand what this word means
• The phrase "eco-friendly"	• Consumers cannot link this phrase to anything meaningful
• The word "sustainable"	• Most consumers do not understand what this word means
• Serious and sober tone	• Makes your brand appear too evangelistic & formal

Key Insights

- Consumers demonstrate a similarly vast and rapidly diffusing set of understandings, practices and beliefs surrounding sustainability. *Importantly, only a fraction of those practices and beliefs are connected directly to consumer products or services.*
- *If* we open the industry-centric definition of "sustainability" to include otherwise non-intuitive notions such as organic, local and social responsibility under its rubric, we find considerably more consumer traction at the intersection of sustainability and shopping and dining behavior.
- For the vast majority of consumers (~82%), sustainability begins with the body (the person) and trickles out from there to the family and local community — and that's about as far as it gets for *most* US consumers. This single finding yields powerful macro insights for manufacturers and retailers in the consumer packaged goods industries; namely:

- Avoid sustainability initiatives focused on global politics, global economic issues, macro-environmental issues, climate change, etc.
- For most, the local community is the highest level of analysis within which sustainability consciousness can be activated. Hence, consider how your organization, retailer or brand can engage sustainability at a community, local or household level.
- Do not get bogged down in macro-environmental concerns as they relate to product packaging and messaging claims. Claims such as “100% post-consumer content,” “printed on recycled paper” and “zero carbon impact” are all but invisible to the vast majority of consumers.

The story of sustainability is the story of locales and peoples…

On nearly all fronts, we find that retailers and restaurants are far better positioned to leverage consumer interest in sustainability as compared to traditional CPG manufacturers. Given the current climate of consumer interest in experiential retailing and dining, it only makes sense that those who can more directly control and shape the shopping and dining experience are better able to harness it for their goals, etc. But there are still other critically important factors at play, which the retail arena is uniquely positioned to capitalize on — namely, the appeal of "local" and the powerful sway of interactions with team members.

Local

We believe that the most powerful pathway for generating authentic consumer resonance to sustainability lies in the form of appeals to "all things local." And while CPG manufacturers remain largely bewildered as to how to appeal to the surge of consumer interest in local, food retailers and restaurants are clearly in the driver's seat when it comes to capitalizing on this dimension.

For many consumers the mere *presence* of local products in a retail environment or restaurant may signal any or all of the following: a) the retailer's general support for the local community, b) the retailer's interest in reducing transportation costs, c) the retailer's interest in the health and well-being of its customers, d) the retailer's interest in offering higher-quality products, or e) the team members' passion for and support of the local community.

For example, when a consumer drops by a coffee shop — be it a local independent or a national chain — and stumbles across a quaint chalkboard noting that today's fresh apple pie was crafted from locally foraged apples, the sustainability trigger usually takes the following form: "Oh cool, they support my local community, they support this family farm, and they care enough to want to sell me *real* fruit — the stuff grown down the road." The consumer may not even purchase the pie, but the powerful connection is made in a way that is far more real, tangible and impactful than a sign that promises "eco-friendly agricultural practices" or "shade grown, sustainably harvested, fair trade apples."

Put another way, no amount of industry nomenclature or politically/ideologically inspired jargon can overcome the elegant, powerful appeal of: "This apple was grown by my neighbor…right down there… that-a-way." That's the beauty of local, it reaches consumers where it matters most — in their own communities.

The People

Perhaps ironically, one of the most overlooked concerns by mainstream marketers happens to also be one of the most powerful "leverage points" for those interested in driving a sustainability halo. Namely, the staff or team members.

In fact, our most recent research from our 2007 sustainability study, *The Hartman Report on Sustainability*, reveals that many of the firms currently generating strong sustainability halos — firms such as Starbucks, REI, Trader Joe's and others — have managed this task by generating several key consumer perceptions

that can be grouped loosely under the rubric “good person.” The specific perceptions hold that the companies: a) are great places to work, b) are staffed by compassionate people, c) maintain excellent, supportive relations with the local community, d) are generally more cooperative than competitive, and e) are concerned about something other than “the bottom line.” All told, these brands appear to be champions of the sustainability arena because consumers have become convinced they are “good people looking to do good things.”

In fact, the vast majority of the consumers who respond favorably to the specific brands mentioned above know absolutely nothing about the particular environmental policies or practices of these brands. Instead, consumers suggest simply, “They must be doing good things for everybody. After all, they’re Patagonia. Starbucks, Whole Foods. Etc.”

The obvious hook here is that interactions with real, live team members are much more visceral, memorable and believable when compared to, say, reading some marketing-inspired text from a sign. So when consumers interact with team members who appear content, well cared for and passionate, the interaction triggers an impression — be it conscious or unconscious — that signals one or more of the following, “I like the fact that this place (retailer/restaurant) cares for people (i.e., team members) in my community,” “These happy people are obvious evidence of an organization that knows how to care for people,” “These team members are really passionate, this must be a place that does things the right way,” etc.

And to be most clear, while we are suggesting that your team members are truly your greatest untapped resource when it comes to driving the sustainability halo, they need not necessarily be engaged in environmental restoration or actively fighting global climate change. Simply maintaining a staff of well cared for, healthy, passionate team members will drive powerful, positive sustainability impressions.

Sustainability in fast casual dining settings

While the appeal of local and the sway of interactions with team members are clearly the most powerful macro-level tools available to retailers to drive a successful sustainability halo, there are also more specific category-level implications worth exploring in fast casual settings.

Food and beverages

Restaurants are, at many levels, themselves retailers of branded food and beverage products. Given that all of our data indicate that food and beverages are the primary gateway to consumer participation in sustainable behaviors, it only stands to reason that fast casual restaurants may be able to drive a successful sustainability halo by better understanding the consumer perspective on sustainability as applied to relevant food and beverage categories.

Overall, “sustainable foods and beverages” are not indigenous consumer categories. In other words, consumers do not think, “I’ll buy the sustainable carton of milk this time.” Instead, they consider certain sustainable attributes and symbols such as organic, local, fair trade, recyclable, etc. in their decision-making process. Each attribute carries with it unique benefits, and some of these benefits drive purchase (local, organic), while others are merely added value (peace of mind derived from fair trade, recycled materials, etc.).

Each product category has unique reasons why consumers consider it to be sustainable. These categories are summarized in the table presented in Figure 5.1 below:

Figure 5.1. Sustainability Adoption Cues by Category

CATEGORY	SUSTAINABILITY CUES
Produce	local, organic
Chocolate	organic, fair trade, donation to charity
Coffee	local, organic, fair trade, shade grown
Seafood	wild
Juice	organic, indigenous support (e.g., Goji and Acai)
Eggs	local, natural, free-range
Bottled water	natural sources, donation to charity (e.g., Athena Water)
Meat and poultry	local, natural, organic, free-range
Tea	organic, fair trade
Cheese	local, organic

The product categories presented above represent a subset of the entire panoply of food and beverage categories that we believe offer the strongest opportunity for leverage on fast casual dining occasions. It would, of course, be up to individual fast casual operators to determine the proper mix of food and beverage categories suitable for their individual sustainability strategies.

Strategic partnerships

Our research suggests that one of the most effective sustainability approaches is to pursue strategic partnerships with smaller, artisanal purveyors of the highest quality specialty goods. So rather than simply offering producer-independent specialty products such as "Vermont white cheddar" or "Applewood smoked bacon," consider offering products from specific producers such as "Point Reyes Blue" or "Cowgirl Creamery white cheddar."

This strategy is a win on two fronts: First, it drives a critical quality cue by suggesting that your brand cares enough to deliver only the highest quality ingredients as part and parcel of your brand experience. Remember, quality is increasingly equated with healthy.

But more importantly, by aligning your brand with smaller, independent operators you are affirming your support for sustainability at the most macro-economic level. This is to suggest that your brand is all about fostering partnership and cooperation as opposed to competitive values.

Communications strategies

Turning to merchandising and communications concerns, our research indicates that handcrafted signage narrating the local people, places and partnerships behind the restaurant is the most effective method of communications for sustainable-minded consumers. The most common retail communication methods are summarized below:

Effective communications methods

- **Hand-scripted signs/chalkboards narrating local people and places:** Consumers respond well to in-store signage when it brings the people and places to life. Because the signs are scripted by hand,

consumers feel an intimate connection to both the information at hand (more believable) as well as the team members who (ostensibly) took the extra time to tell the story.

- **Highlighting key partners and purveyors of specialty goods:** Again, do not hesitate to remind consumers of the assorted purveyors of specialty and artisanal food products whose efforts you continue to champion merely be regular inclusion on your menus and in your restaurants.

Ineffective communication methods

- **POS materials, leaflets, brochures, etc.:** Many retailers mistakenly believe that consumers are in search of detailed informative brochures explaining the intricacies of a specific producer's fishing practices or animal husbandry ideologies. In fact, consumers are a) far too busy to digest such detailed materials while in the store and b) generally not that interested in technical explanations regarding agricultural practices or ideologies. The same image could be much better communicated with a sign highlighting the person behind the food and their connection to the community.

Philanthropy

One of the most intriguing insights to emerge from our sustainability research has nothing to do with sustainability — at least not at first glance. What we have learned is that everything we have discovered about the power of "local" to drive a sustainability halo could be exported in large part to the arena of corporate philanthropy.

That is, when it comes to the arena of corporate philanthropy, consumers demonstrate an identical pattern of cognitive understanding that emanates outward from the self to the family and community before dissolving in a sea of vague irrelevance. Put another way, if you hope to gain bonus points from consumers or build your brand halo by "giving," you had better make sure your actions are relevant — or even recognizable — to consumers.

As consumers tell us bluntly, they have no idea *what* the Ronald McDonald house really is, *where* it is or if it even really *exists*. What they could talk about, however, was the local coffee shop that dragged a grill out in the parking lot one spring afternoon and held a barbecue to raise funds for a local family who had lost their house in a flood.

The bottom line here is that if you want to reach consumers with your philanthropic activities, make sure that you reach them in their local communities and neighborhoods. Move beyond those bounds and chances are that your efforts — however noble and altruistic they may be — may fall on deaf ears.

Conclusions

All told, while there is no "magic bullet" or "key" to cracking the sustainability code, the answer is at once deceptively simple and, yet, incredibly challenging to execute.

It would not be much of an exaggeration to suggest that the secret to sustainability is to reach consumers in their communities by a) offering an unmatched selection of local products, (b) supporting local producers, partners and suppliers, c) providing first-class job opportunities and benefits, d) creating a top-notch organization that fosters passionate team members in the local community, e) always making sure that you are "giving back" to the local community in ways that are tangible and easily recognizable to your customers.

And yet, only a smattering of local and regional retailers — and perhaps five or six national specialty retailers or fast casual restaurants — have managed to pull this feat off in a way that truly resonates with sustainable-minded consumers.

Key Insights

- We believe that the most powerful pathway for generating authentic consumer resonance to sustainability lies in the form of appeals to “all things local.”
- Simply maintaining a staff of well cared for, healthy, passionate team members will drive positive sustainability impressions.
- Food and beverages are, by far, the primary gateways to consumer participation in sustainable purchasing behaviors.
- One of the most effective sustainability approaches in fast casual settings is to pursue strategic partnerships with smaller, artisanal purveyors of the highest quality specialty goods.
- When it comes to the arena of corporate philanthropy, consumers demonstrate an identical pattern of cognitive understanding to that of local. The bottom line is that the more local your giving, the more likely your giving is to resonate with the consumer.

What works…

1) Sellers Markets

This sustainable fast food chain (so far only two locations) is currently in the San Francisco area with plans to expand in the near future. They are a great example of how the dogged pursuit of "all things local" can generate tangible brand halo.

Note how the website does an effective job of incorporating their suppliers as "sustainability partners" in a most cooperative tone (http://www.sellersmarkets.com).

From the website:

> "At Sellers Markets we are committed to using local artisans who practice sustainable agriculture. Why? Because it's the right thing to do and it tastes better.
>
> At Sellers Markets our eco-friendly, straight-from-the-earth food will sing you a song about the people it's met, the local growers who nurtured it, the craftsmen who took it by the hand and turned it into something special. These are people who know food, how to grow it, cut it, chop it, raise it and guide it to perfection. We call them artisans.
>
> They're the good folks at Niman Ranch, Boulangerie Bay Breads, award-winning cheese providers to include Point Reyes Blue, Cowgirl Creamery, Cypress Grove and Equator Estate Coffees & Teas.
>
> They're local growers and ranchers who know that making good food is like telling a story about people and places. Sellers Markets food has a lot to say. So take a listen."

2) Pagliacci Pizza

This regional pizza restaurant succeeds well by, again, trumpeting their commitment to seasonality, freshness and local as a means of supporting the environment (http://www.pagliacci.com/green).

From the website:

> "Working with local seasonal foods everyday inspires us to look after our environment. …
>
> More interestingly, Pagliacci's philanthropic efforts very quietly spread to their involvement in the local community in the form of several transitional housing projects in the local area, which they stubbornly (and cleverly) refuse to take much public credit for. Think tangible outcomes without the typical PR machine's involvement.

From the website:

> "In 1995, Pagliacci Pizza purchased a nasty motel that had been problematic for society and teamed with Urban Pipeline to commit it to transitional housing. Our second project was launched in 1998. Pagliacci Pizza purchased and remodeled a large, attractive house and joined with Women's Jubilee Center to devote it to transitional housing for battered and homeless women. Our financial commitment to these projects is large and long-term — it's like taking on a mortgage. We like the

> priority that gives to our community involvement. We also like that our community involvement has no advertising value."

3) Chipotle

Chipotle does a great job of demonstrating their commitment to their partners via their website, Chipotle.com. This site features origin narratives of each their ingredients from pork to sour cream, including an interactive map where visitors can read about the farms from which Chipotle sources their meats (http://www.chipotle.com/#flash/fwi_fare).

From Chipotle.com:

> "'Food With Integrity' isn't a marketing slogan. It's not a product line of natural and organic foods. And it's not a corporate initiative that will ever be finished or set aside to make room for other priorities. It's a philosophy that we can always do better in terms of the food we buy. And when we say better, we mean better in every sense of the word — better tasting, coming from better sources, better for the environment, better for the animals, and better for the farmers who raise the animals and grow the produce."

What doesn't work…

1) Subway

While Subway has recently launched several "green" franchise stores in order to boost their promotion of a "fresh, healthy lifestyle," their overall approach falls decidedly flat. Consumers are not asking for "eco stores." Nor, for that matter, are they interested in Subway's energy consumption or abstract plans such as ENERGY STAR

(http://www.subway.com/subwayroot/AboutSubway/HelpingSociety/GoingGreen/).

From the website:

> "The SUBWAY® Restaurant Chain has made a commitment to do its part to save energy and help protect the environment. Join us and take the Pledge to Change the World by starting with ENERGY STAR. Change at least one light to an energy-efficient one or make other energy-saving improvements at home, and help us reach our goal of 999 pledges! It's a small step that's already making a big difference."

2) McDonald's

Long a pioneer in corporate philanthropy, most consumers report little awareness of McDonald's corporate sustainability initiative, most of which are communicated blandly on the corporate website. Again, consumers are interested in how, precisely a given restaurant may be making a tangible difference in their community, and here McDonald's falls woefully short. (http://www.mcdonalds.com/usa/good/environment.html)

From the website:

> "Our Neighborhoods. As good citizens and good neighbors, McDonald's and our independent owner/operators help keep the local environment clean and attractive.
>
> - Our standard operating procedures include regular litter patrols of the areas around our restaurants.

- Owner/operators and regional company organizations support local clean-up days with free meals for volunteers and promotional incentives for participation.

Solid Waste Management: Since 1990, McDonald's has worked with Environmental Defense to reduce waste in our operations. We have learned to control solid wastes by:

- Reducing the amount of materials we use initially.
- Recycling what we can.
- Using products made from recycled materials.

The many changes we have made have produced large savings in natural resources and reductions of waste. During the 1990s alone, we:

- Recycled 2 billion pounds of corrugated cardboard.
- Purchased more than $3 billion in products made from recycled materials
- Eliminated several million pounds of packaging."

General suggestions and recommendations

Based on the intellectual capital at The Hartman Group as well as our learnings on quality, health and wellness, and sustainability, we make offer the following strategic recommendations:

- **Free Wi-Fi**

  — Free Wi-Fi is a means of engendering community and building social engagement. This fact should not be forgotten in future brand strategizing. From the consumer perspective, this is a real win.

- **Great community space**

  — Echoing the point above, consumers are quick to comment on the easy availability of public meeting space and see this as a critical element of the brand's sustainability halo. It may not seem intuitive, but consumers are as interested in how companies take care of *them* (free Wi-Fi, free meeting space) as they are in how companies take care of the environment or the planet.

- **Purveyors of fresh and quality**

  — Call it a lucky match made in heaven, call it painfully obvious, but the association between a company's stance as a purveyor of fresh, high-quality food alternatives amid a sea of "factory style" QSR offerings should not be forgotten when it comes to driving future sustainability initiatives. Put another way, do not ever lose sight of the fact that one of fast casual's strongest sustainability claims is its ability to provide higher quality food alternatives to the local community on the go.

- **Establish strategic partnerships with key artisanal providers at regional levels**

  — Brand and operational teams working on streamlining the brand experience and dealing with issues of scalability are often reluctant to envision a strategic future that includes a series of complex arrangements with regional specialty food purveyors. As challenging as this prospect may be, we believe it is integral to the future success of fast casual brands. Such partnerships demonstrate a continued commitment to a) quality food experiences, b) local food experiences and c) locally sustainable business partnerships.

Some of your local or regional competition are already utilizing such products as Point Reyes blue cheese, Niman Ranch meats, Beecher's cheddar cheese or Cypress Grove coffees in this capacity — it is only a matter of time until such practices will become mainstream.

- **Work diligently to ensure a consistent, yet local and unique brand experience**

— Related to point #1 above is a tension that pervades all successful retail and fast casual brands with a stake in the food business. Namely, how to grow as a brand and offer a consistent, high-quality experience *without* becoming homogenous, predictable and "soul-less." Whole Foods Market has dealt with this tension with a fair degree of success by allowing regional and store team leaders wide latitude to customize the brand offerings of each retail space to meet the needs of its local constituency.

We are well aware that such freedom can prove maddening in the face of corporate strategic objectives, but we reiterate that such latitude is critical to long-term brand success.

Like it or not, food has always been a local thing. And now that the logistical means are in place to deliver "local" (vis-à-vis The Long Tail), consumers will increasingly demand this attribute. Besides, one of the big learnings we discovered from our years of research with health and wellness consumers is this: consumers are much more forgiving of occasional missteps, miscues or inconsistencies in the retail or restaurant experience if these shortcomings arise as a result of genuine efforts to deliver a unique, local experience.

The bottom line is that it is better to be imperfect and locally oriented than homogenous, predictable and slightly closer to some sort of "idealized perfection."

- **Nurture brand evangelists by taking care and fostering expertise**

— Consumers consistently tell us that Starbucks is one of the most highly regarded brands in terms of sustainability. And the chief driver of that belief are the stories consumers hear from the team members themselves in their local communities — the sons, daughters, brothers, sisters and so forth who are employed by Starbucks. Remember, the most effective stories come not from PR machines but, instead, are spread indigenously via word of mouth — or, increasingly, the internet — throughout communities.

Interestingly, the stories are not about Starbucks commitment to the environment, shade grown coffee or corporate philanthropy, but rather the fact that the team members all speak highly of how much they (traditionally) have been well treated by the organization.

This "treatment narrative" itself stems from two key factors: a) the fact that Starbucks offers certain material perks (e.g., health insurance to part time team members) and b) the fact that the team members come to view themselves as "experts" in a domain (i.e., coffee experts).

A great way to foster brand evangelists within your organization would be via promoting specialized training opportunities in culinary arts. Offering low-level food service workers the opportunity to become more "certifiably knowledgeable" in the culinary arts gives them a profound sense of respect for both the job as well as the brand.

It is this larger sense of pride, respect and belonging in one's occupation — when shared and spread outward to the local community via homespun narratives — that drives the strongest sustainability halos.

- **Stress truly local, relevant philanthropic efforts**

  — Sometime during the 1990s it became important that philanthropic activities be able to justify their existence by pointing to efficient bottom lines. Consumers, however, remain largely disinterested in such efficiencies. Instead of giving to national and formally recognized local charities (i.e., food banks), consider a goal of having 50% of philanthropic efforts go directly to local or individual causes of a *highly specific nature* — perhaps even at the store level.

  Donating leftover product to food banks is a fine and worthy cause in and of itself, and should surely not be discontinued. But unfortunately, (most) consumers are simply too preoccupied to award retailers or restaurants “extra bonus points” for such efforts. But imagine the goodwill if a local establishment staged a local event to help a distressed family in need?

  Related, do not become over-focused on the need to explain, document or promote such philanthropic efforts. Very often the best returns from such action(s) will arise from the inherent brand halo communicated via word of mouth narratives from the participants and/or recipients.

ABOUT THE HARTMAN GROUP, INC.

We know consumer culture. We know how consumers live, shop and use brands, products and services within the contexts of real life. We specialize in understanding how consumer attitudes and behaviors lead to purchase.

Since 1989, The Hartman Group, acknowledged as the leading provider of consumer insights and marketing strategy, has helped clients across a diverse set of industries in the marketplace convert consumer knowledge into highly successful outcomes.

We are progressively using new methods of research as the consumer worldview constantly broadens and deepens. Our analysis builds from a platform of quantitative and immersive qualitative information to understand the consumer's current lifestyle and purchasing patterns.

We challenge the status quo and inspire new thinking. We reignite ailing brands, redirect strategies and successfully inform new product development.

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