‘ECOFFECTIVENESS’:
THE MISSING MEASURE IN A CLIMATE CRISIS

IRIS ELVIS Purpose Disruptors THE GREAT RESET

EFFECTIVENESS: WHAT MEASURES DO YOU THINK OF?

FINANCIAL/ HARD

Revenue (Quarterly/Annually)
Market Share
Market Growth
Gross Profit
Gross Margin
Operating Profit
Penetration
Footfall
Rate of Sale
Distribution

BRAND HEALTH

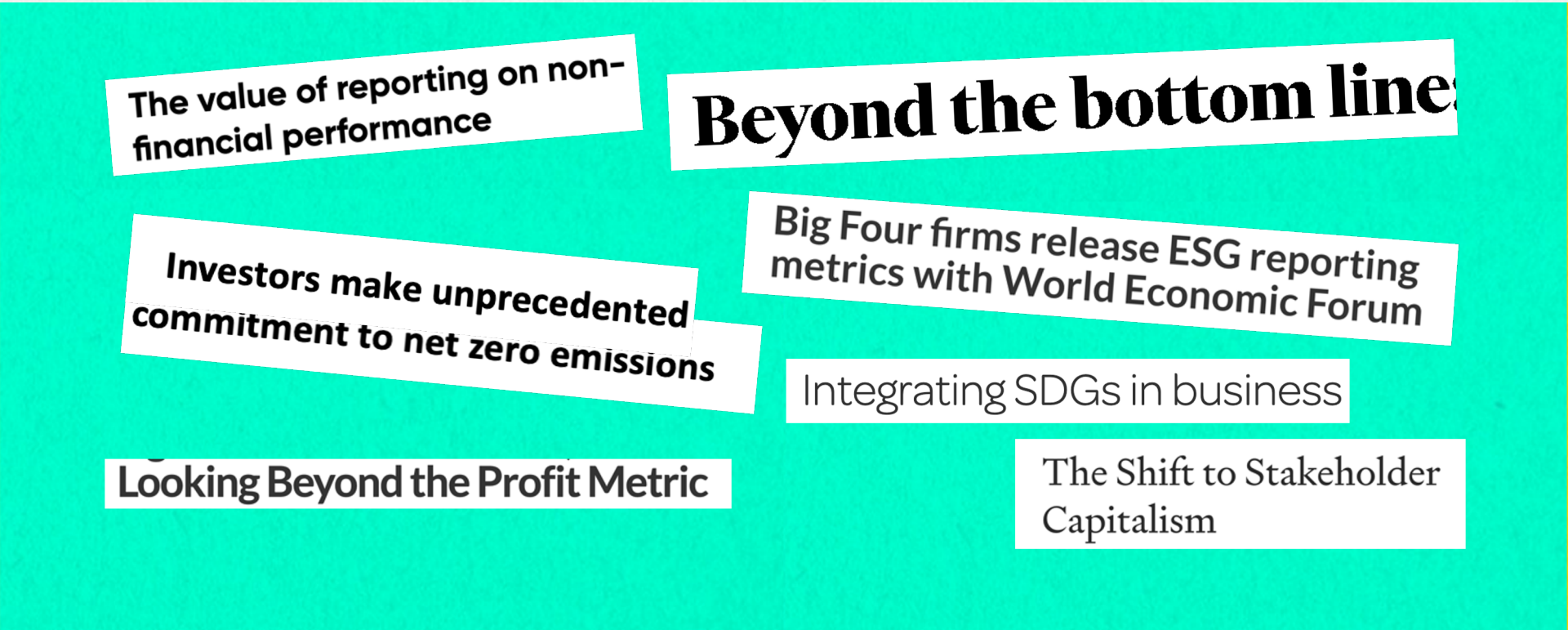
Brand Awareness
Brand Affinity
Brand Consideration
Distinctiveness
Salience
Relevance
Brand Love
Reputation

SERVICE FOCUSED

Net Promoter Score
Employee Engagement
Customer Satisfaction
Customer Volume
Cost per Acquisition
Churn/Retention
Lifetime Value
Cost to Serve
Complaints

Source: Fran Cassidy & IPA: Culture First 2018

YET BUSINESSES ARE EMBRACING A NEW SET OF MEASURES



AN INCREASING NUMBER OF MAJOR BRANDS HAVE SET CLEAR & AMBITIOUS SCIENCE BASED TARGETS

SIEMENS

AXA

Google

Sainsbury's

bp

sky

NET-ZERO

TESCO

CHANEL

'Achieving a state in which the activities within the value chain of a company result in no net impact on the climate from greenhouse gas emissions' SBTi working definition Sept 2019

Coca-Cola

Microsoft

Unilever

vodafone

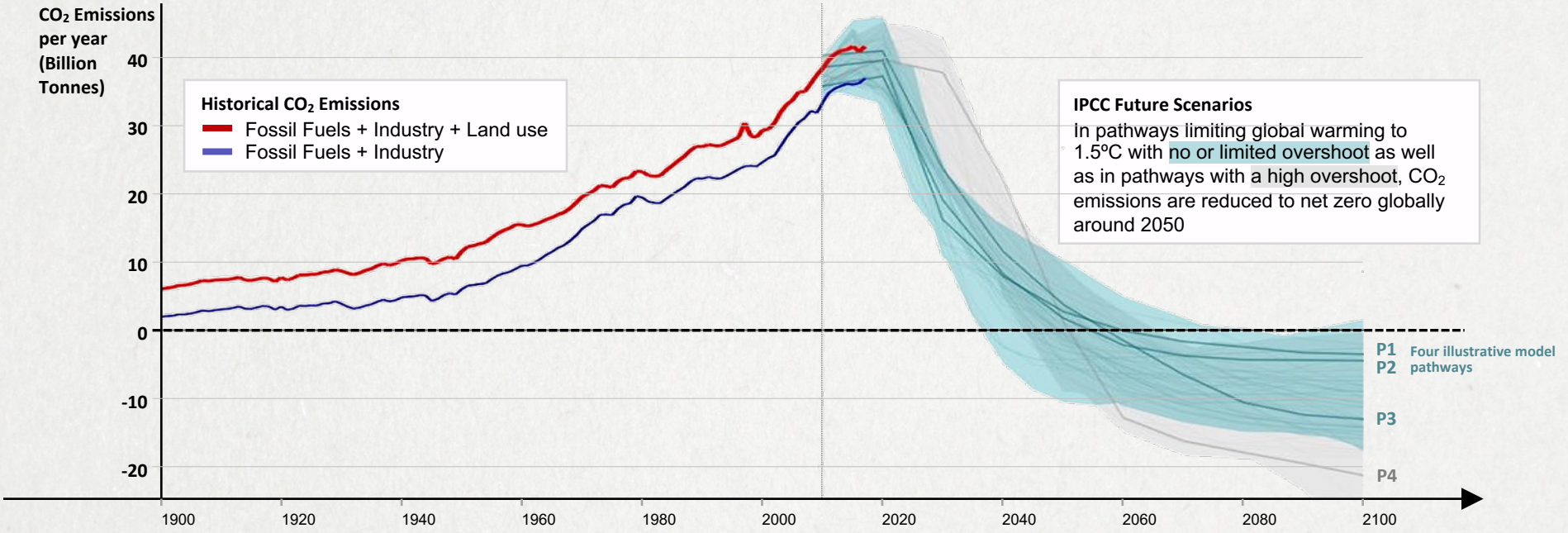
IKEA

SELFRIDGES&Co

L'ORÉAL

THE GREAT RESET

THE TARGET IS CLEAR - BUT NOT HOW TO GET THERE



We need to follow the turquoise trend line and reduce the carbon emitted into the atmosphere year upon year

Data from Global Carbon Project + Preliminary 2017 values

THE GREAT RESET

ADVERTISING EFFECTIVENESS'
21ST CENTURY CHALLENGE

HOW TO INCREASE PROFITABILITY WHILE REDUCING EMISSIONS TO ZERO?

ECOFFECTIVENESS.

The missing measure.

A CONSISTENT MEASUREMENT FRAMEWORK THAT NEEDS TO BE A KEY ELEMENT OF ALL EFFECTIVENESS CASESTUDIES

1. Honest reporting of our carbon impact

2. Consistent and comparable approach

3. Openness in how to improve

APPLYING THE FRAMEWORK TO ONE OF OUR INDUSTRY'S MOST SUCCESSFUL AND CELEBRATED ADVERTISING CASESTUDIES

AUDI: THE 2018 IPA EFFECTIVENESS AWARD GRAND PRIX WINNER

£1.78 billion incremental revenue
£2.07 profit for every £1 generated
Audi UK's highest ever return on advertising

A CONSISTENT MEASUREMENT FRAMEWORK

1 HONEST REPORTING OF OUR IMPACT

Take responsibility for the full impact of our work and report the greenhouse gas emission uplift

WHAT IS THE CARBON IMPACT?

A SIMPLE EQUATION PROVIDES THE ANSWER

The uplift in sales driven by advertising

X

The carbon footprint per item sold

=

The uplift in greenhouse gas emissions driven by advertising

THE GREAT RESET

UPLIFT IN SALES DRIVEN BY ADVERTISING

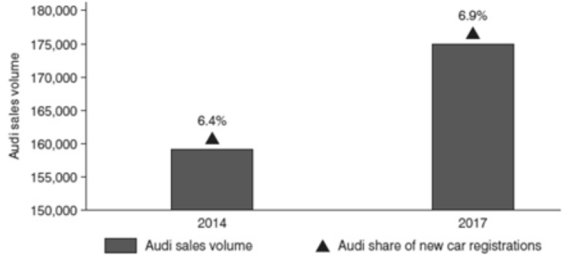
132,700

incremental sales driven by advertising (2015-2017)

1. Audi increased its volume sales and overall market share

From 2014 to 2017 Audi sold 10.1% more cars from 159,000 to 175,000 and went from 6.4% market share to 6.9%.

Figure 30: Audi units sold and market share 2014-2017



Source: AudiUK data73

Table 15: Audi media-driven order take as percentage of overall order take

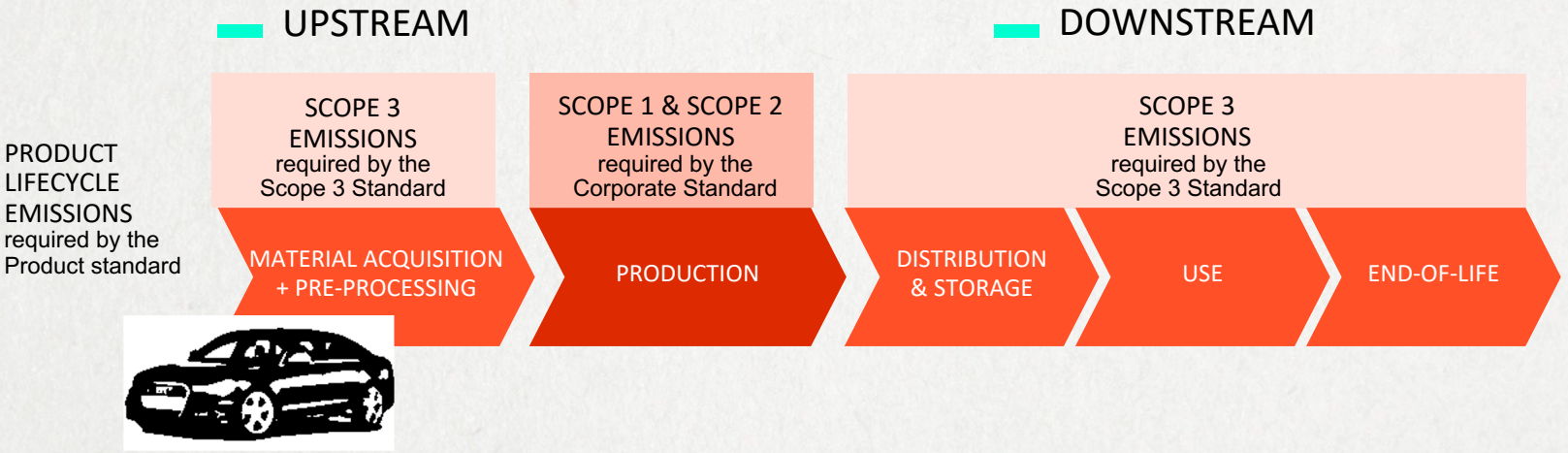
Year	%
2015	25%
2016	26%
2017	27%

Based on sales volume and percentage of sales attributed to advertising submitted in Audi's 2018 IPA Effectiveness award paper

THE GREAT RE—SET

THE CARBON FOOTPRINT PER ITEM SOLD

The carbon footprint of a product is reported in a Life Cycle Assessment (LCA), which analyses the total emissions across the whole life of a product, from raw material extraction to end-of-life disposal. Brands and businesses are publishing LCAs as part of annual company reports and sustainability plans.

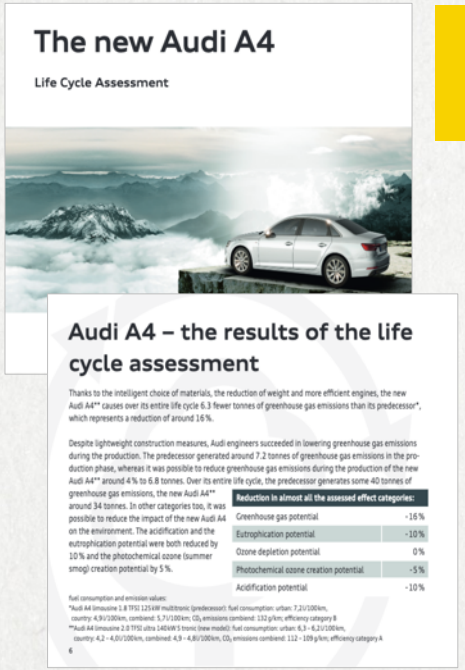


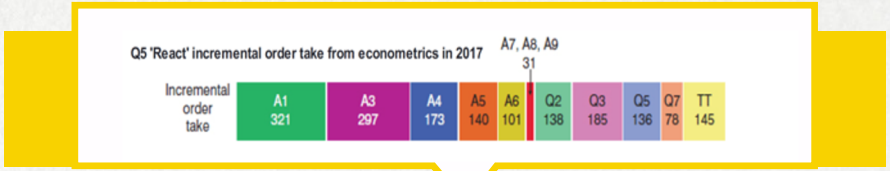
https://ghgprotocol.org/sites/default/files/standards/Product-Life-Cycle-Accounting-Reporting-Standard_041613.pdf

THE CARBON FOOTPRINT: AUDI LCA DATA

Audi makes LCA data on some of its models publicly available on its website. Where specific model data wasn't available, we applied the closest model data as a proxy.

Taking a breakdown of incremental orders from the IPA paper and attributed an LCA carbon figure to each, we can work out a weighted mean of **39 tCO_2e per car**





Model	New Model LCA (Tonnes)	Incremental sales	% Weighting	Weighted Mean
A1 (use A4 data)	34	321	0.18	6.3
A3 (use A4 data)	34	297	0.17	5.8
A4	34	173	0.10	3.4
A5 (use A4 data)	34	140	0.08	2.7
A6 (use A4 data)	34	101	0.06	2.0
A7,8,9 (uses A8 data)	45.3	31	0.02	0.8
Q2 (use Q5 data)	47	138	0.08	3.7
Q3 (use Q5 data)	47	185	0.11	5.0
Q5	47	136	0.08	3.7
Q7	46.1	78	0.04	2.1
TT	44.5	145	0.08	3.7
	40.6	1745	1.00	39.0

http://docplayer.net/46200559-The-new-audi-a4-life-cycle-assessment.html, Neustar Market Share (2018) ' React' Campaign Report

THE GREAT RESET

THE CALCULATION

The uplift in sales driven by advertising

X

The carbon footprint per item sold

=

The uplift in greenhouse gas emissions driven by advertising

132,700
cars

39
tCO_2e

5,175,300
tCO_2e

5,175,300

tCO_2e

That’s equivalent to 1.3 coal power stations run constantly for 1 year.

More than the whole of Iceland generated in 2017.

More than the annual emissions of the 43 million people who live in Uganda, who are already suffering some of the worst impacts of climate change.

It’s a very big number and it’s easy to try and dismiss it: ‘The client should change their product’ ‘The government should regulate’.

But we believe this is on us. We created the work. We celebrate work that sells. We need to step up and take responsibility for **all** the consequences of this.

A CONSISTENT MEASUREMENT FRAMEWORK

2 CONSISTENT & COMPARABLE APPROACH

A universal cross category methodology for how this impact is calculated and shared

A CONSISTENT MEASURE

“RETURN ON CO_2e”

ROI IS THE CONSISTENT METRIC OF EFFECTIVENESS

ROI shows how hard we made each pound of a finite budget work.
The same principle can be applied to emissions. We just need to change the currency.

THE GREAT RESET

$ROCO_2$ (RETURN ON CARBON) CAN BE THE SAME

£ ÷

REVENUE

SPENT

For every tonne of carbon emitted, how much revenue / profit can you return? Your carbon budget is even more finite than your fiscal one, so how hard can you make each tonne work?

We've revenue rather than profit, as it is more publicly available. but would endorse the use of a profit metric too

THE GREAT RESET

THE ROCO$_2$ (RETURN ON CARBON) CALCULATION

Incremental revenue from advertising	/	The uplift in greenhouse gas emissions driven by advertising	=	Revenue per ton of CO_2e
£1.78 billion		5,175,300 tCO_2e		£344 /tCO_2e

THE ROCO$_2$e (RETURN ON CARBON) CALCULATION

The ROCO$_2$e should be as high as possible– we're trying to maximise the return on each ton of CO$_2$e.

But this number doesn't mean much on its own. We don't know what good looks like.

We need to know what kinds of returns we should be aiming for as we progress to net zero.

The only way to achieve objective understanding of what a good return is, is to build up a database where we start reporting and tracking this measure across multiple sectors and campaigns.

Every time we publish an ROI, we need a Return on CO$_2$e too.

THE MODEL ACROSS SECTORS

Applying the model to two other IPA winners from 2018 - IKEA's 3-year Wonderful Everyday campaign and a smaller but highly effective social media program from Starbucks.

	Audi	IKEA	Starbucks
Total GHG	5,175,300 tCO_{2e}	650,000 tCO_{2e}	8,076 tCO_{2e}
$ROCO_2e$	£344	£1,161	£3,479

THE GREAT RESET

A CONSISTENT MEASUREMENT FRAMEWORK

3 OPENNESS IN HOW TO IMPROVE

Transferable, open-source insights on how advertising can help achieve net zero

SWITCH THE PRODUCT

LOW CARBON ALTERNATIVE
Promote electric models

LONG LASTING QUALITY
Promote a longer purchase frequency cycle

CIRCULAR ECONOMY
Promote used cars over new petrol cars

CREATE CARBON-FREE VALUE

SERVICE-BASED VALUE

Aftersales and finance models

Excitement
17.0%

Desire

INTANGIBLE BRAND VALUE

Drive premium perceptions

Base price	Price + 'Technology Pack'	% Price Increase
£38,760	£44,600*	+15%
£27,810	£39,995 **	+44%
£69,100	£76,750 ***	+11%
£51,110	£62,470 ****	+22%

PREMIUM UPSELL

Upsell to high-premium, low emission products

ENCOURAGE POSITIVE HUMAN BEHAVIOUR

DEPICT RESPONSIBLE PRODUCT USE

Showing a full car
No engine revving

ESTABLISH NEW BEHAVIOURS

Hero new tech making a positive difference

NORMALISE LOW IMPACT DECISIONS

Applaud public transport users

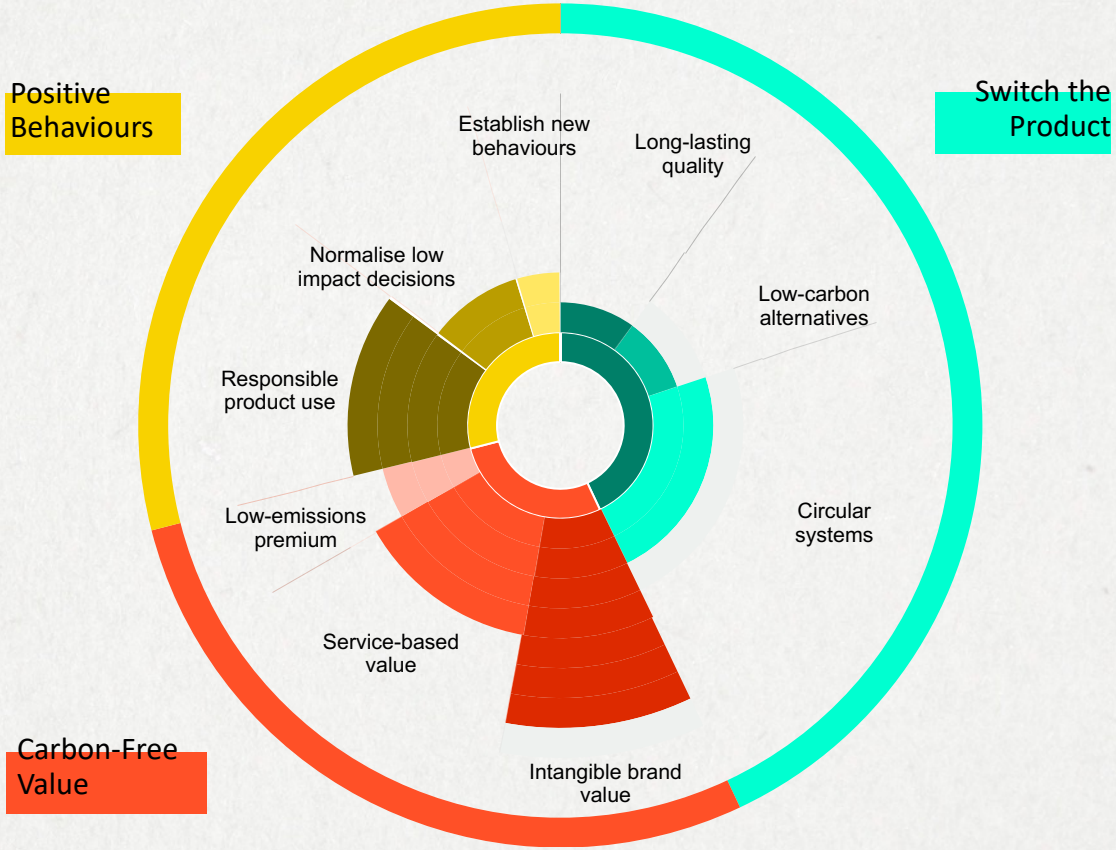
THE GREAT RESET

UNDERSTANDING THE LEVERS AND HEADROOM FOR IMPROVEMENT

Visualising these 9 levers, we can use the IPA data to develop a score against each of them to identify where the greatest headroom for improvement exists.

Width is weighting, depth is score.

We can immediately see that there is headroom to make significant improvements, and the areas where this headroom most exists.



Source: Iris Strategy Unit Ecoffectiveness Wheel

THE GREAT RESET

INCREMENTAL VS UNPRECEDENTED CHANGE

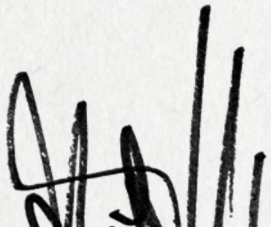
When used in combination these levers can make a big impact. But many of these changes are incremental.

The IPCC is clear that reducing emissions at the required rate will require rapid, far-reaching and unprecedented change in all aspects of society.

What would unprecedented change look like for high carbon emitting cars?

It's our responsibility as an industry to discuss what kind of work we should be awarding or even creating. We need to decide what our threshold of acceptability is.

IF NET ZERO IS A KEY BUSINESS TARGET, THEN EMISSIONS IS A KEY EFFECTIVENESS MEASURE.



Reducing emissions while maintaining profitability is a challenge that requires all our best minds.

To build knowledge we need to report the data even when it's uncomfortable.

To achieve Net Zero every country, company and citizen on this planet needs to play their part.

GET INVOLVED

https://greatreset.com/

Please join us and contribute to the development of the Ecoffectiveness framework. We urgently need you and your data

ben.essen@iris-worldwide.com
caroline.davison@elvislondon.com
hello@purposedisruptors.org

THE GREAT RESET