Environmental Performance in Customer Communications

*The use of Sustainability as a Marketing Tool in B2B Settings*

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**Corporate environmental efforts are now valued higher than ever and need to be communicated to customers in a successful manner. Companies today wish to promote themselves as sustainable and use environmental performance to obtain competitive advantages. SKF is promoting themselves as an environmentally sustainable supplier and wishes to ascertain how environmental performance can be communicated to strengthen and support its products.**

**Background**

SKF is one of the world’s leading manufacturers of bearings and is established in 140 countries worldwide and in 40 different industries. SKF bearings can be found in a variety of end products: from car engines to renewable energy solutions. SKF’s organization is divided into five technique platforms, which are bearings, seals, mechatronics, service, and lubrication solutions. SKF is divided into three general areas: Strategic Industries, Regional Sales, Service and Automotive.

SKF is a B2B organization and uses distribution channels to reach smaller customers. The majority of SKF’s larger OEM customers manufacture products with extensive longevity which means that purchase decisions of new bearings may occur infrequently.

**Purpose and research questions**

This project aims to identify how environmental performance can be used as a competitive advantage for SKF bearings. The work includes identifying which environmental aspects should be highlighted and how these shall be verified and communicated. SKF’s existing environmental efforts and communication tools are evaluated and possible new ways to communicate environmental efforts are presented.
The project also aims to give a scientific contribution regarding the use of environmental performance as a marketing tool as well as provide SKF with information and analysis which can aid when launching new SKF bearings.

This project is centered on one overall problem, which is supported by two key questions and is presented below.

How can environmental performance be used to promote industrial components in B2B customer communications?

**Key Questions**

1. Which kinds of environmental performance aspects are most valuable to promote?

2. How can these aspects be verified and communicated?

**Delimitations**

This project is limited to evaluate environmental performance by its usability in communication towards customers and not for their effectiveness as environmental efforts as such. The analysis and recommendations are geographically limited to the Swedish market and are primarily applicable to this market.

**Methodology**

The project uses mainly qualitative data and some quantitative. The qualitative data consists of literature review, benchmark, and interviews with key SKF personnel and customers. The quantitative data is extracted from of an externally produced customer survey.

![Figure 1](image)

**Figure 1** The data gathering processes and analysis over time

This project takes a systems approach and uses a combination of descriptive, exploratory and predictive strategies to identify how environmental performance can be used as a competitive advantage for SKF bearings. The data gathering process has four simultaneous focuses, as seen in figure 1, which will each use different methods of data gathering:

1. **Benchmarking**: uses qualitative interviews to map communications of environmental performance in different industries.

2. **Sales interviews and customer analysis**: uses qualitative interviews and pre-existing customer analysis to determine customer needs and wants.

3. **Review of current environmental communication and environmental efforts**: uses a case study by conducting qualitative interviews and reviewing publicly available and internal information.

4. **Literature review**: reviews relevant existing literature to build a theoretical framework on which to base data gathering for empirics and analysis.

The qualitative nature of the project makes it difficult to recreate. However, the use of several different methods and carefully chosen samples for interviews as well as review of the data gathering process and analysis by an external source gives credibility to this project.

**Two Kinds of Environmental Activities**

Environmental activities can be looked at from two different angles: first, the environmental activities a company takes to decrease the company’s own impact on the environment,
and secondly, a company's efforts to produce products with high environmental performance and low environmental impact throughout its life cycle. Proficiency in one of these areas does not guarantee proficiency in the other; a company can work diligently to improve environmental performance and efficiency in their own processes but disregard environmental performance specific to the product.

The overall environmental activities aiming to strengthen corporate brand and goodwill is hereafter called Sustainable Supplier Brand Image, SSBI™™. The environmental actions that have a direct connection to product attributes have been given the name PSEP™™, Product Specific Environmental Performance. The connection between the two types of environmental actions and a closer description is presented below.

The Product Specific Environmental Performance, PSEP™, and sustainable supplier brand image SSBI™, will in the analysis be discussed individually and relevant conclusions regarding how to handle these two efforts will be conducted. It is crucial to successfully communicate both sorts of environmental communications but a strong SSBI™™ is a necessity to obtain a successful communication of PSEP™™. SSBI™™ ensures customer trust and belief that a company is truly motivated regarding sustainability. With a low SSBI™™ the PSEP™™ will lack the necessary base to build on. The overall reputation needs to be solid before more specific environmental performance can be discussed. Good SSBI™™ will also make the communication of PSEP™™ easier. If a solid environmental reputation already exists the customer can more readily embrace environmentally friendly products from the company. A model describing the two kinds of environmental action and how these correlate and affect each other is presented below in figure 10.

![Figure 2 SSBI™™ and PSEP™™](image)

The two different types of environmental activities should be communicated differently towards customers due to different contributions regarding customer value. The PSEP™™ is related to a direct and concrete customer value, mainly financial savings. SSBI™™ can on the other hand help the customer build its own brand by being a part of a sustainable supply chain, and strengthen the customer’s competitive advantage in the long run. Both types of activities are important and should be included in a successful environmental communication.

**Conclusions**

Conclusions show the importance of building a comprehensive brand image by incorporating product specific environmental performance (PSEP™™) and environmental efforts which enhance the sustainable supplier brand image.
Sustainable supplier brand image can be enhanced by including the following three things in the environmental communications:

1. **SKF’s commitment to continuously improving environmental performance**: focus on implemented processes and should use the Beyond Zero concept and portfolio to exemplify the efforts.

2. **Certifications**: focus on communicating ISO 50001.

3. **Third-party verification and partnership**: focus on SKF WWF Climate Savers membership.

While product specific environmental performance can enhance sustainable supplier brand image a reputation as a sustainable supplier is a necessity to successfully communicate the benefits of product specific environmental performance.

Communication of product specific environmental performance should always clearly communicate the correlation between PSEP™ and financial savings. To achieve this, it is important to have knowledge of customers’ KPI’s and communicate PSEP™ that is connected to those. It is also important to communicate measurements customers can relate to. Recommendations for communicating PSEP™ beyond this can be divided into two parts:

1. **Recommendation for environmentally aware customers**:

   Communicate LCA on a more complex and comprehensive level by including all parameters measured in a LCA, not limiting communication of LCA results to Beyond Zero products, and using visual tools in communication of LCA.

2. **Recommendation for environmental unaware customers**:

   Communicate effective and easily comprehensible information in every customer contact by providing SKF bearing packaging with a table of fundamental environmental parameters.