The Business of Sustainability: Doing Good, Doing Well

Jed Pearsall, President
Michelle Carnevale, Program Manager
WHO WE ARE

“To see yourself as others see you”

“Advancing Winning Practices, One Degree at a Time”
Harnessing the Power of Sport for Change
11th Hour Racing works with the sailing community and marine industry to **advance solutions and practices that protect and restore the health of our ocean.**
Ocean Threats

From pollution, to climate change, to the environmental impacts of our sport, our oceans are threatened, and the clock is ticking.
Program Areas

Sponsorships

Grantees

Ambassadors
Grantees

1. Innovative efforts that foster engagement, dialog & action around reducing ocean pollution.

2. Advance clean technologies and best practices to reduce the environmental impact of the sailing/marine industry & coastal communities.

3. Promote ocean literacy and stewardship among sailors of any age.

4. Project that tackle Climate Change & Water Quality Issues through Ecosystem Restoration
Sponsorships

1. Optimize the economic, environmental and social impacts of professional sailing teams and events to **create sustainable practices** on and off the water.

2. Foster innovative solutions that will **restore the health of our oceans**.

3. Encourage the **development of sustainable technologies** and demonstrate their viability.
16% of Americans follow science, 70% of Americans follow sports.

National Science Foundation
PERFORMANCE RESEARCH: MISSION

To reveal the **essential story** about program effectiveness and uncover insights to maximize **impact & response**
PERFORMANCE RESEARCH: CLIENTS
where we have worked:
Who We Are

11th Hour Racing Research

Research on Doing Good

Examples of Good Practices

A Few Closing Thoughts
- Why we did research
- What we wanted to know
- How results are being used
THE STUDY

GOAL

- Evaluate the effectiveness and accomplishments of the program
- Provide insight on how to refine and revise the strategy moving forward

SAMPLE

- Sailing industry databases [N size = ~2,000]
- General population [N=500]
- Administered July-August, 2018

METHODOLOGY

- Qualitative discussion sessions
- Online quantitative survey
- Administered July-August, 2018
How concerned were you about the health of our oceans and waterways three years ago?
In general, how concerned are you currently about the health of our oceans and waterways?

56% previously highly concerned about ocean health

+30 % point increase in concern in 3 years

86% currently highly concerned with ocean health
How concerned were you about the health of our oceans and waterways three years ago?

In general, how concerned are you currently about the health of our oceans and waterways?
When you think about pollution in the bodies of water where you sail, which best matches your perception when compared to a few years ago?

**Pollution Perception Most Positive in Northeast**
- **Northeast**
  - Water pollution getting worse: 25%
  - Water pollution seems about the same: 33%
  - I never really noticed any water pollution: 11%
  - Water pollution getting better: 31%
  - Pollution Change Score: +6

- **South**
  - Water pollution getting worse: 32%
  - Water pollution seems about the same: 40%
  - I never really noticed any water pollution: 9%
  - Water pollution getting better: 19%
  - Pollution Change Score: -13

- **Midwest**
  - Water pollution getting worse: 28%
  - Water pollution seems about the same: 43%
  - I never really noticed any water pollution: 10%
  - Water pollution getting better: 19%
  - Pollution Change Score: -9

- **West**
  - Water pollution getting worse: 34%
  - Water pollution seems about the same: 37%
  - I never really noticed any water pollution: 8%
  - Water pollution getting better: 20%
  - Pollution Change Score: -14
# OCEAN PLASTIC MOST URGENT ISSUE

<table>
<thead>
<tr>
<th>RANK</th>
<th>URGENCY SCORE</th>
<th>Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>106</td>
<td>Plastic debris &amp; litter in the ocean</td>
</tr>
<tr>
<td>#2</td>
<td>47</td>
<td>Marine pollution</td>
</tr>
<tr>
<td>#3</td>
<td>40</td>
<td>Ocean habitat destruction</td>
</tr>
<tr>
<td>#4</td>
<td>39</td>
<td>Sea level rise</td>
</tr>
<tr>
<td>#5</td>
<td>25</td>
<td>Overfishing</td>
</tr>
<tr>
<td>#6</td>
<td>22</td>
<td>Invasive fish or other species</td>
</tr>
<tr>
<td>#7</td>
<td>14</td>
<td>Ocean acidification</td>
</tr>
</tbody>
</table>

Average urgency score: 42

**Urgency Score**

Calculation using

“Highly concerned” with issue

Perception that issue is “getting worse”

---

How familiar are you with each of these issues impacting the ocean in different ways?  |
Do you feel each of these issues are improving, staying the same, or getting worse when compared to three years ago?
From the list below, how much did any of the following factors influence you to become more conscientious on environmental issues and the ocean?

<table>
<thead>
<tr>
<th>Rank</th>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>&quot;Seeing too much pollution first hand&quot;</td>
<td>66%</td>
</tr>
<tr>
<td>#2</td>
<td>&quot;Hearing more about ocean threats from various news sources&quot;</td>
<td>55%</td>
</tr>
<tr>
<td>#3</td>
<td>&quot;Seeing films or documentaries about the changing environment&quot;</td>
<td>48%</td>
</tr>
<tr>
<td>#4</td>
<td>&quot;Seeing major sailing events &amp; pro sailors take a lead in sustainability&quot;</td>
<td>38%</td>
</tr>
<tr>
<td>#5</td>
<td>&quot;Sailing in regattas that encourage environmentally friendly practices&quot;</td>
<td>35%</td>
</tr>
<tr>
<td>#6</td>
<td>&quot;Seeing other friends/sailors adopt more ‘green’ habits&quot;</td>
<td>30%</td>
</tr>
<tr>
<td>#7</td>
<td>&quot;Seeing boatyards and marinas pay more attention to the environment&quot;</td>
<td>25%</td>
</tr>
<tr>
<td>#8</td>
<td>&quot;Seeing changes being made in my place of work&quot;</td>
<td>18%</td>
</tr>
<tr>
<td>Behavior</td>
<td>Do more vs. 3 years ago:</td>
<td>Strive to do currently:</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>--------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Request no straws when eating out</td>
<td>87%</td>
<td>47%</td>
</tr>
<tr>
<td>Avoid products with microbeads</td>
<td>70%</td>
<td>38%</td>
</tr>
<tr>
<td>Use reusable drinking containers</td>
<td>69%</td>
<td>76%</td>
</tr>
<tr>
<td>Carry reusable grocery bags</td>
<td>69%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Which of the following do you currently strive to do to help safeguard the environment? Would you say you were performing the same activities more frequently, less frequently, or equally as often three years ago as you are now?
When thinking specifically about sailing or other on-the-water activities, which of the following do you currently do to help safeguard the environment? Would you say you were performing the same activities more frequently, less frequently, or equally as often three years ago as you are now?

<table>
<thead>
<tr>
<th>Activity</th>
<th>3 years ago:</th>
<th>Currently:</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Use reusable water bottles&quot;</td>
<td>70%</td>
<td>79%</td>
<td>+9%</td>
</tr>
<tr>
<td>&quot;Encourage others to use reusable water bottles&quot;</td>
<td>69%</td>
<td>62%</td>
<td>+7%</td>
</tr>
<tr>
<td>&quot;Teach others/set examples for protecting the environment&quot;</td>
<td>56%</td>
<td>52%</td>
<td>+4%</td>
</tr>
<tr>
<td>&quot;Use non-toxic cleaning products&quot;</td>
<td>53%</td>
<td>58%</td>
<td>+5%</td>
</tr>
</tbody>
</table>
Compared to three years ago, have you seen changes in sustainability efforts at…?

**Your local community sailing center**
- Getting worse: 2%
- Staying the same: 34%
- Improving: 64%

**Your primary yacht club**
- Getting worse: 3%
- Staying the same: 41%
- Improving: 56%

**Your primary boatyard or marina**
- Getting worse: 4%
- Staying the same: 43%
- Improving: 52%
What do you think is the most effective way for organizations focused on healthy oceans to promote sustainability in the sport of sailing? From the list below, select the one idea that you think has the highest chance of success.

Of those same ideas, which do you think is the least effective way to promote sustainability in the sport of sailing?
KEY TAKEAWAYS

- Concern over ocean health is rapidly increasing
- The Northeast is the only part of the country citing more positive than negative change
- Promotion through partnerships is proven effective
- Workplaces and marine related businesses may have the most untapped opportunity for influence
Who We Are

The 11th Hour Research

Research on Doing Good

Examples of Good Practices

A Few Closing Thoughts
When making purchase decisions about specific brands you buy, assuming price and quality are the same, how much would each of the following scenarios impact your purchase decisions?

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOCIAL CAUSES</strong></td>
<td>72%</td>
</tr>
<tr>
<td>Knowing a company is actively supporting and doing good deeds for society or a community</td>
<td></td>
</tr>
<tr>
<td><strong>POLITICAL POSITION</strong></td>
<td>55%</td>
</tr>
<tr>
<td>Knowing that the brand or its CEO supports the same political and/or social views as you do</td>
<td></td>
</tr>
<tr>
<td><strong>ARTS SPONSORSHIPS</strong></td>
<td>50%</td>
</tr>
<tr>
<td>Knowing a company sponsors your favorite museum, theater company, or performing arts event</td>
<td></td>
</tr>
<tr>
<td><strong>MARKETING</strong></td>
<td>45%</td>
</tr>
<tr>
<td>Knowing a brand’s advertising, promotions, contests and giveaways are ones you enjoy</td>
<td></td>
</tr>
<tr>
<td><strong>SPORTS SPONSORSHIPS</strong></td>
<td>32%</td>
</tr>
<tr>
<td>Knowing a company sponsors your favorite sports teams, events or leagues</td>
<td></td>
</tr>
</tbody>
</table>
Being a responsible company is about more than just good business operations

70%

70% of Americans believe companies have an obligation to take actions to improve issues that may not be relevant to their everyday business
65% of Americans say when a company takes a stand on a social or environmental issue, they will do research to see if it is being authentic.

76% of Millennials will do research – more than 10 percentage points more than the average.
87% would purchase a product because that company stood up for or advocated for an issue that they care about.

76% would refuse to purchase a company’s product or services upon learning that it supported an issue contrary to their beliefs.
76% consider a company’s social and environmental commitments when deciding where to work

64% won’t take a job from a company that doesn’t have strong CSR practices

75% say they would take a pay cut to work for a responsible company

88% say their job is more fulfilling when they are provided opportunities to make a positive impact on social and environmental issues

83% would be more loyal to a company that helps them contribute to social and environmental Issues
Percentage who believe it is “Extremely” or “Very” important that companies implement programs to improve the environment.
% who agree that they would pay more for eco-friendly products

- Gen Z (16-21): 58%
- Millennials (22-35): 61%
- Gen X (36-54): 55%
- Baby Boomers (55-64): 46%

Source: GlobalWebIndex Q2 2018. Base: 111,999 Internet Users aged 16-64.
DOES THIS IMPACT THE BOTTOM LINE?

What Social Investments Can Deliver:

- up to a 6% boost in share price;
- a 20% increase in sales;
- a 13% jump in productivity;
- a 50% decrease in employee turnover;
- and a boost to reputation worth up to 11% of a company’s market cap.
Examples of Good Practices
We’re in business to save our home planet.

**Our Reason for Being**
At Patagonia, we appreciate that all life on earth is under threat of extinction. We aim to use the resources we have—our business, our investments, our voice and our imaginations—to do something about it.

**Cause no unnecessary harm**
We know that our business activity—from lighting stores to dyeing shirts—is part of the problem. We work steadily to change our business practices and share what we’ve learned. But we recognize that this is not enough. We seek not only to do less harm, but more good.

**Use business to protect nature**
The challenges we face as a society require leadership. Once we identify a problem, we act. We embrace risk and act to protect and restore the stability, integrity and beauty of the web of life.

**Not bound by convention**
Our success—and much of the fun—lies in developing new ways to do things.
“From our own history we know that what at first seem like challenges can become opportunities and limitations can lead to amazing innovations.”

IKEA CEO Peter Agnefjall

“Climate change is one of the world’s biggest challenges and we need bold commitments and action to find a solution. ...good for customers, good for the climate and good for IKEA too.”

IKEA CEO Peter Agnefjall
This year, Budweiser picks up on that successful approach with another "show me what you did, don’t tell me what you think" ad.

Budweiser’s "Wind never Felt Better" represents this more evolved approach to social impact advertising.

They are sharing information on how they are making a difference. They aren’t lecturing, chiding, or insulting consumers. They aren’t co-opting a hot topic in the hopes it will drive sales.

Hopefully, this becomes the new standard. Substance over window dressing.
This research confirms that sustainability isn’t a nice-to-have for businesses. In fact, it has become an imperative. Brands must act quickly to prove their social and environmental credentials and show consumers they can be trusted with the future of the planet and communities, as well as their own bottom lines.

Keith Weed, Unilever’s Chief Marketing and Communications Officer

One in three
33%
already purchases products with sustainability in mind

One in five
21%
do not currently buy sustainably but would like to

Sustainable living brands grew
50%
faster than the rest of the business in 2016

Paul Polman, CEO Unilever
INFLUENCERS FOR CHANGE

Brand Purpose

Government / Regulations

Consumers / Customers
Be proactive-
don’t wait for the push
Be transparent - make sure all your sides match the public persona.
Be honest—greenwashing will wash everything else away
Be far reaching—don’t just check off the easy solutions, close targets
Be part of emotional triggers and passion points run deep
Be forward looking—this is ongoing, never stops
Thank you!