



RETAIL+ETAILE SILVER WINNER

MAKING A DIFFERENCE WITH RESEARCH:
Inspiring Walmart's 2008 Earth Month Campaign

Company Background and Business Opportunity

Founded in 1962 with the opening of its first store in rural Rogers, Arkansas, Walmart Stores has grown to become the U.S.'s and the world's largest retailer. Committed to a business model that drives costs out of supply chains to enable customers to save money and live better, Walmart U.S. has grown to be an immense success, achieving over \$255B in net sales in fiscal 2009 and growing to more than 3,500 stores in the U.S.

It has been Walmart's low-cost focus that has created a virtuous cycle whereby its growing success among customers has allowed it greater economies of scale which in turn have allowed it to provide even lower prices and greater savings for customers.

In recent years Walmart has taken this virtuous cycle to a higher level, namely by taking major strides in becoming a more environmentally sustainable business. In doing so Walmart is addressing not only one of the most important opportunities for the future of its business, but also the future of the world. For example, by increasing the fuel efficiency of Walmart's trucks, not only are carbon emissions and dependence on nonrenewable energy greatly reduced, but millions of dollars in fuel costs are also saved. And with these savings, Walmart better serves its customers by providing lower prices on the goods and services people need. And when these economies of scale are applied to green technologies, the impact on customers is even greater as Walmart can have a hand in lowering the prices of environmentally friendly products for everyone.

Marketing Challenge

Walmart's environmental goals are simple, straightforward, and public: to be supplied 100 percent by renewable energy; to create zero waste; and to sell products that sustain our natural resources and the environment.

And while these goals could be achieved with limited customer messaging, the prospect of building customer demand for environmentally friendly products and services is attractive as it would accelerate the achievement of the goals and offer Walmart an opportunity to further cement its Save Money, Live Better positioning. But as of late 2006, little was known from an environmental-messaging standpoint. The fundamental questions that remained unanswered were...

- Should Walmart indeed advertise an environmental message to customers?
- If so, what should Walmart's specific environmental message to customers be?

In addition, as the world's largest company, if Walmart were to provide an environmental message and it was not compelling or true to Walmart's Save Money, Live Better equity, a customer backlash negatively affecting Walmart's sales and equity was possible.

Creating a Foundation of Learning

Initial Insights from Past Work

By late 2006 Walmart's Insights and Customer Strategy team had completed a foundational shopper segmentation study which identified two price sensitive groups of customers who are of particular importance to Walmart's growth: Brand Aspirationalists and Price Value Shoppers. These groups were to comprise the creative and media target for the majority of Walmart's marketing efforts and would constitute the focus of Walmart's sustainability-related research efforts.

As an initial step, utilizing a discriminant analysis function, Walmart was able to type nearly 4,000 panelists within Knowledge Networks' massive consumer panel to discern how environmental ideas played with Brand Aspirationalists and Price Value shoppers relative to the population as a whole. The resulting data were mixed. A strong majority of Brand Aspirationalists viewed themselves as environmentalists, but self-reported environmentally friendly behaviors were average to below average. And Price Value Shoppers seemed to be less engaged overall relative to average. A potential explanation for this is reflected in information provided by the Natural Marketing Institute that called out high price perceptions as a barrier to purchasing environmentally-friendly products. Perhaps green products presented too great an economic burden for these low income groups to bear. If that indeed was the case, Walmart, with its everyday low price approach, could potentially remove the barrier. The investigation went forward.

Means-End Value Chain Analysis of Customers' Reactions to Retailer Actions

As mentioned earlier, one of the key questions to be addressed by the Walmart Insights and Customer Strategy team was, "What should Walmart's environmental message to customers be?" Another way of asking the question is, "Of all the actions Walmart is taking to transform itself into a sustainable enterprise, which are the most important to Walmart's target of Brand Aspirationalists and Price Value Shoppers?" It is with this question in mind that a means-end value chain project was pursued.

The primary goals of the means-end value chain analysis conducted were to qualify and quantify the extent that various retail actions could connect with customers' deeply held values and to then map the mental avenues via which retail actions connect with the values.

The premise of a means-end value chain approach is that customers derive functional benefits from marketing and merchandising actions and that those functional benefits can be realized in more personal emotional benefits. In turn, those emotional benefits tap into deeply held personal values. By understanding what comprises each of the 3 benefit levels and how those levels and retail actions are connected to one another, Walmart could identify which of its sustainable actions it should communicate to customers, and the creative agencies would have a better understanding of how Walmart's actions resonate with the emotions of its customers.

The first phase of the means-end value chain work was qualitative in nature and its objective was to create wide-ranging lists of functional benefits, personal emotional benefits, and value-related statements that Walmart customers associate with environmentalism and environmentally-sensitive retailing. Working in conjunction with a leading academician in value chains work and former VP of the Wirthlin Group Dr. David Whitlark of Brigham Young University; and the marketing research department at General Mills; in-depth qualitative research was conducted among customers. This research used projective and laddering techniques to establish a robust representation of benefits related to environmentalism and the environment's role in retail.

The second and final phase of the means-end value chain work was oriented to creating the maps through which retail actions convey benefits and tap into core customer values. Walmart commissioned Knowledge Networks to conduct a large quantitative survey of over 1,200 customers and Dr. David Whitlark of BYU conducted the statistical and mathematical analyses to identify the various means-end value chains. In the survey respondents rated the importance of 57 specific sustainable retail actions Walmart was either already doing or would strongly consider doing in the near term. They then rated the importance of over 40 functional benefits, over 30 personal benefits, and over 20 value/feeling statements that had been generated in the qualitative research phase.

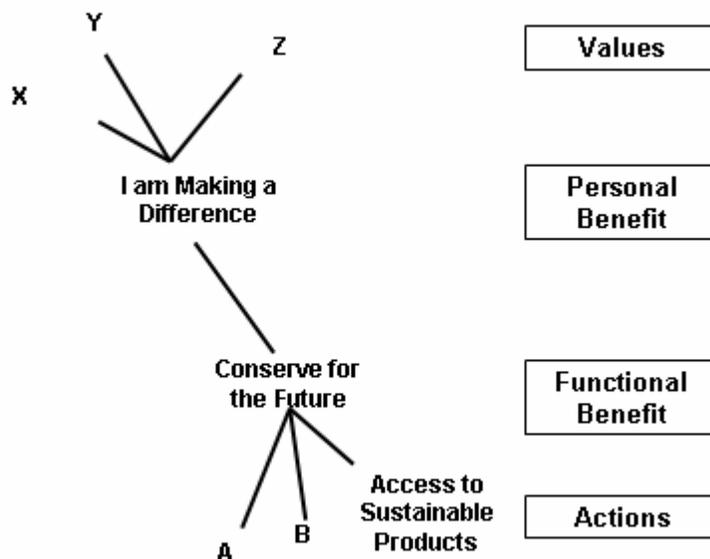
One value chain that speaks to the heart of sustainability resonated extremely well with Walmart's key target customers, and it was this chain that generated the insight that helped inspire creative for Walmart's 2008 Earth Month campaign.

Discovery of the Key Insight

When Walmart overtly merchandises products that are more sustainable than others, Brand Aspirationalists are compelled by a strong personal emotional benefit to purchase those products. And that benefit is knowing that she can make a real difference to the world.

Notably, the "making a difference" personal benefit tapped into 3 meaningful, yet somewhat distinct, core values. Before going into the research a presumption was made that the research would lead to a focus on a single core value rather than a personal benefit or functional benefit. But since the personal benefit of "making a difference" naturally resonated with the 3 core values, the decision was made to focus on the personal benefit of "making a difference" and allow the association with the core values to come about organically in reaction to the creative.

Below is a schematic of the value chain that inspired the campaign. Note that some data are disguised.



Validating the Key Insight

The insight from the research was transformed into the Walmart selling proposition of, “Walmart allows you to make a difference because you can buy environmentally friendly products at everyday low prices from a retailer dedicated to the environment.” Using the ARS Group’s Firststep methodology, the selling proposition was tested and was projected to drive very strong persuasion within the large grocery category among the target of female price sensitive shoppers and it performed especially well among female Brand Aspirationalists.

Separately, in parallel research, Walmart’s Insights and Customer Strategy group quantified that over 200 million shoppers shop Walmart in a given year. And in ARS testing the idea that all of Walmart’s customers together could make a huge difference for the environment was quantified to be an effective creative construct for the “make a difference at low prices” selling proposition. Consequently, the environmental impact of “all 200 million of us Walmart shoppers” was liberally incorporated throughout the 2008 Earth Month campaign. In addition to creative, the media buy, especially digital, leveraged “all 200 million of us Walmart shoppers” as community-spirited sites such as cafemom.com were integral to the buy.

Applying the Key Insight

Using the insight as inspiration for Walmart’s Earth Month 2008 campaign, the Walmart Marketing Department conceived of a 360-degree integrated marketing and merchandising program with mass media and in-store touch points. The program was executed in April, 2008. Specifically, the program consisted of...

- Co-op Support: Walmart cooperated with 18 brands to create dense media coverage of Walmart’s Earth Month 08 campaign in TV, radio, print, and digital formats. The co-op partner brands included Coca-Cola, SunChips, Pur, GE, Silk, greenworks, Sam’s Choice, Kellogg’s, Nature Valley, Cheerios, Bonnie Plants, Horizon, T Mobile, BBC Video Planet Earth, Simplicity, YoMommy, STP, and Tide.
- In-store integration: 99% of stores set Earth Month feature displays and overhead signage featuring the Walmart earth month 08 Save Money Live Better globe treatment. Moreover, 13 spots were aired throughout the month on the Walmart in-store television network.
- Mag-alogue Guide: A 16-page budget-friendly guide to helping the planet had a circulation of 21 million in 5 national magazines, and 4 million guides were distributed in stores. The guide was a rich representation of the entirety of the program and emphasized the positive difference that all of Walmart’s 200 million customers could have if they were to choose the products featured in the campaign over others. Notably, the guide was constructed of NewPage paper certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, and the Programme for the Endorsement of Forest Certification.
- Circular: An 8-page popup in Walmart’s March 30, circular featured dozens of sustainable products under the banner of the Walmart earth month 08 Save Money Live Better globe treatment. This circular was one of Walmart’s first to have a strong online component in order to conserve paper resources.
- Digital: A 6-day walmart.com homepage takeover was complemented by banner ads and site takeovers of sites including Discovery.com, cafemom.com, and weather.com. Collectively, the digital program yielded over 300 million impressions.
- Print: A series of single-page ads were distributed in national magazines including *National Geographic*, *Parenting*, *Parade*, *Good Housekeeping*, *Family Circle*, and *O.*

- Radio: Eight spots were created for a national radio presence.
- Television: Eight spots were created for a national television presence. These ads were produced using a multitude of efforts to enhance the sustainability of the production.

Impact of Walmart's Earth Month 2008

The impact of Walmart's Earth Month 2008 was measured in 3 different respects:

- Impact on sales
- Impact on Walmart's equity
- Impact on the environment

Impact on Sales

Year over year sales lift of the products featured in the Earth Month program during the single month of April, 2008, was clearly substantial.

Impact on Walmart's Equity

The campaign also gave Walmart positive month over month (April over March) gains on the 2 sustainability equity measures it tracks. In addition, Walmart was the only retailer of those tracked to show significant gains on both of the measures and was perceived to have the highest mean score on each measure among the mass merchants.

Separately, research conducted by General Mills showed that those aware of the Walmart Earth Month 08 program were significantly more inclined than those unaware to associate Walmart with 13 of 15 environmentally friendly and economically friendly attributes.

Impact on the Environment

Over 90% of Walmart's environmental footprint is created by its suppliers. By showing that demand for environmentally friendly products can be grown, Walmart is now able to provide a more compelling argument in encouraging its suppliers to adopt more sustainable business practices and to engage in the development of new green products.

By purchasing just the following products featured at Walmart during Earth Month 2008 rather than another product, the net environmental impact of Walmart's customers in April was...

- GE Energy Smart compact fluorescent light bulbs: April, 2008, sales of the bulbs at Walmart had the environmental impact equivalent to removing approximately 400,000 cars off the road for a year while saving customers \$336 million in energy costs over the life of the bulbs.
- Tide Coldwater: April, 2008, sales of 78-load Tide Coldwater at Walmart had the environmental impact of saving over 5 million kilowatt-hours of energy.
- Bonnie Vegetable Plants sans plastic pots: April, 2008, sales of these plants in biodegradable peat pots at Walmart prevented a quarter of a million pounds of plastic pots from needing to be manufactured or put in landfills.
- Walmart reusable shopping bags: April, 2008, sales of reusable shopping bags will replace the need for approximately 62 million traditional shopping bags over the reusable bags' lifespan.
- Cheerios in reduced waste packaging and using reduced shipping materials: April, 2008, sales of Cheerios at Walmart had the environmental impact of saving 6.6 tons of packaging and shipping materials.