

[SUSTAINABILITY

A BRAND POINT MANAGEMENT PERSPECTIVE

EXECUTIVE SUMMARY

Everyone wants sustainability in today's consumer marketplace. Consumers, despite their own fiscal challenges today, insist they are willing to pay more for products that are environmentally friendly. For example, half of the respondents to a recent survey said they would "definitely" or "probably" pay 15 percent more for eco-friendly clothes detergent or for an automobile. Two in five respondents said they would spend 15 percent more on "green" computer printer paper.¹

Retailers, too, are demanding sustainability of themselves and their vendors. For example, Wal-Mart's startling 2005 announcement – that it aims to be supplied by 100 percent renewable energy, to create no waste, and to sell sustainable products – has catalyzed intense efforts by its vendors, who want to keep in line with the retail giant's demands. Wal-Mart says it wants to reduce packaging by five percent throughout its global supply chain by 2013. Such efforts are now widespread in businesses worldwide.

¹"The GfK Roper Yale Survey on Environmental Issues, Summer, 2008: Consumer Attitudes Toward Environmentally-Friendly Products and Eco-labeling." GfK Roper Public Affairs & Media and the Yale School of Forestry & Environmental Studies, 2008.

When strategists are aware of the strengths and limitations of sustainable package shapes, materials, substrates and inks, they can leverage these to the brand's advantage – they are not a hindrance.

Two-thirds of respondents to a 2007 sustainability study said they have been impacted by the Wal-Mart initiative.²

And brands are demanding sustainability of themselves. Five in every six respondents to the 2007 sustainability study said their companies are affected by the sustainability movement.

And yet there's a disconnect. Only slightly more than a quarter say they have a comprehensive sustainability plan in place, according to the study. Only one-sixth have allocated financial resources to meet the challenge. Finances are a key issue, especially in the current difficult economy. While many agree that sustainability measures will have bottom-line benefits eventually – as companies spend less on materials and on energy and as the efficiencies and agility created through sustainability pay benefits in other respects – some companies are hesitant to invest heavily in sustainability right now.

Nevertheless, there is a means of moving beyond this impasse. It hinges on brands and retailers understanding that sustainability in packaging – a huge element in overall sustainability and in consumer perceptions of sustainable products and brands – is achievable now and without major resource outlays. It hinges on their seeking vendors who can shoulder some of the sustainability load for them in the course of everyday business.

SUSTAINABILITY IN THE BRAND SERVICES WORLD

Vendors whose services are in the areas of strategy, design and premedia can be inherently sustainable. This is a powerful feature of brand point management services, because the measures that reduce the energy outlay for packaging are, first and foremost, measures that actually improve the entire workflow process, resulting in superior brand concepts, better-quality packaging and more agile and efficient delivery of that packaging to the marketplace. And with the right help, brands can begin this process well upstream, in the strategy stage, not just later, in the design or production stages. The benefits are magnified as the process migrates downstream.

Information is key here. The 2007 study showed that only a third of companies have a clear definition of **sustainability in packaging**. Most companies (slightly more than half) get information from printers and converters. Less than a third of companies get their information from their design

partners or from their premedia partners. The study showed that three in five do rely on their design and premedia vendors for information on **sustainability in design**. But what the data also shows is that companies are getting their sustainability information in discrete bundles that relate only to a single phase of the brand lifecycle. What's **not** happening is synthesized sustainability information and planning that **carries through, consistently, from strategy to printing** and allows all stages to benefit from synergized processes and from efficiencies and resource savings upstream.

Other studies have come to this same conclusion. A 2008 study commissioned by Oracle found that a “siloeed approach” to supply-chain management impedes progress on reducing carbon footprints. More than half of the respondents to that study said they receive data only from the part of the chain directly managed by their business.³

BRAND POINT MANAGEMENT'S ANSWER

This is where the category of brand point management can shine – in the sharing of information and energies across a brand's lifecycle, to improve that brand's performance in every way, including sustainability. Schawk has defined brand point management this way:

Brand point management is the strengthening of a brand through the delivery of consistent and compelling brand experiences that create greater affinity between shopper and brand. Brand point management touches all phases of a product's life – from ideation to design to market implementation – because all phases contribute to that moment of interaction between a consumer and the brand.

In Schawk's white paper, *Brand Point Management: Creating Compelling and Consistent Brand Experiences*, and in three other companion papers – on brand point management in operational efficiency, marketplace agility and global marketing – Schawk shows how collaboration and synthesis through all stages of a brand's lifecycle create more powerful consumer experiences with that brand. It shows how this synthesis involves people, processes and technology. And, importantly, that it creates self-reinforcing trends, whereby the same synthesis that improves brand experiences for consumers makes a brand more agile, more efficient and more adept on a global scale – and that these in turn make it more powerful.

²Schawk's 2007 Sustainability Insight Survey. Schawk, Inc., 2007.

³“The Shape of Tomorrow's Supply Chains: The Science of Sustainability.” By The Future Laboratory, sponsored by Oracle. August 2008.

The synergies promoted by brand point management have efficiency and agility at their core, and this is naturally leveraged for sustainability, over as wide a geographical footprint as a brand cares to operate.

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The same is true where sustainability is concerned. Under the category of brand point management, sustainability isn't an ancillary goal and an incremental cost relating to a discrete benefit. On the contrary, it's one result of measures that directly and purposely improve the brand itself, and it reinforces those benefits in turn. Here are some facets of brand point management and their sustainability benefits.

Upstream collaboration: When a brand involves design and execution partners throughout a product's lifecycle, starting with strategy, there are sustainability benefits along with other benefits. When strategists are aware of the strengths and limitations of sustainable package shapes, materials, substrates and inks, they can leverage these to the brand's advantage – they are not a hindrance. This collaboration allows designers to prepare for their role, so that they can produce designs that are inspired by sustainability, not constrained. And when the process reaches the large executional stage, including premedia and printing, contributors here have already weighed in on materials, structures, substrates and inks, and their execution is quicker and more successful as a result. It's widely noted that up to two-thirds of a package's material requirements are determined early, in the strategy and phases. This means that collaboration, as offered by brand point management services, is crucial to sustainability in packaging and other brand materials.

Premedia expertise: When a web press is 60 inches wide and running at 1,800 feet per minute, a project can waste a tremendous amount of paper and energy if it needs eight hours to come up to color, running for 10 minutes and then coming down for adjustments. Thus the key to an integrated premedia offering is a reproducible image on press that the printer can execute quickly. Waste reduction is a direct benefit here. Starting with an analysis of a printer's expertise, equipment capacity, etc., premedia experts can adjust the files and generate highly realistic proofs for the client to sign off on. Once on press, those files are much more likely to come up to color more quickly. And with a print management team member on site, a brand or its partner can drastically reduce the amount of make-ready.

Materials expertise: As examples, there are corn-based inks -- such as EFI's new VUTEk BioVu ink -- and fully biodegradable substrate materials – such as Ultraflex's BIOflex – that don't release harmful Volatile Organic Compounds (VOCs) and don't remain in landfills indefinitely.

Process and Proximity: Brand Point Management and Closed-Loop Services

The more printed material a brand produces and the wider its footprint, the more it can benefit from Schawk's sustainability capabilities – as it improves agility, efficiency and bottom-line results, too.

One of Schawk's clients is a very large quick-service restaurant with nearly 1,200 locations in the U.S. It produces a vast array of branded materials, and Schawk handles everything from production artwork to fulfillment under one roof.

Schawk handles all in-store branded needs for promotions, including banners, greeting stand inserts, table tent cards, menu panels, promotional banners, training materials and much more.

Production art, printing and packing and shipping are all handled out of Schawk's 100,500-square-foot facility in Los Angeles, and are coordinated using Schawk enterprise software – BLUE™ (for graphics lifecycle management) and the RPM Retail Performance Manager campaign-management software.

The client saves potentially millions of dollars annually through decreased costs in shipping and materials costs and vendor and client work-hours due to tight synergy across the executional, fulfillment and shipping phases of the brand's materials.

Every one of these savings of materials and energy translates to sustainability. Sustainability is an automatic result of Schawk's delivery of brand point management services.

Schawk itself practices sustainability, by virtue of its company-wide Seven Pledges of Sustainability and the Energy Savers Program enacted in 2008 by Anthem Worldwide, Schawk's full-service brand-strategy and design company.

Equally important, they confer all of the benefits of traditional solvent-based inks and vinyl substrates. These recently combined for NBC/Universal Studio's first environmentally sustainable outdoor-advertising campaign. Vendors with this kind of expertise can help a brand achieve sustainability with no loss of brand effectiveness and with considerable potential for goodwill.

Digital processes: Advanced software suites – offering graphics lifecycle management such as workflow and digital asset management -- now can make tremendous advances in workflow efficiency and agility and in product quality – and in sustainability, as there are quantifiable savings in time, energy and natural resources. When digital processes replace conventional means of viewing designs of all kinds, there are fewer rounds of paper-based proofs and approvals, and energy to transfer paper copies is eliminated. Digital technology can be applied to other processes too, such as 3D imaging and package prototyping, all reducing expenditure of time, energy and materials, with actual improvements in final product quality.

And when these processes are extended upstream all the way to strategy and downstream to printing – when they link every stage of the process with uniform mechanisms for using and generating brand images and approving them, there are great benefits in time, energy and brand power. Systems such as Schawk's BLUE™ can help global organizations track key performance indicators, including those relating to ISO 14001 environmental management standards.

Consolidation of work: There are several industry trends that are motivated by a desire to save time and money and improve the efficacy of brand materials that also confer real sustainability benefits. Decoupling and closed-loop services are two of these, and they mesh perfectly with brand point management.

Decoupling: In Europe today – and potentially in the U.S. within a few years – the production or “executional” phase of brand management (including premedia, prepress, and graphics lifecycle management) are being “decoupled” from ad agencies and migrating to vendors who are wholly or in some part devoted to execution and can do it with more agility and more economically. This saves time and money for brands and conserves energy in the routing of files and materials.

Closed-loop services is analogous in a broad way. It's not simply the consolidation of many production tasks under one roof, but their consolidation with printing and fulfillment. The resource savings here are obvious. Many large consumer brands that produce literally tons of printed collateral material, such as quick-service restaurants, are seeking out vendors who can provide closed-loop services to create better brand products more efficiently, with more agility, and more cheaply.

CONCLUSION

At the root of brand point management is synergy – among people, process and technology. This synergy is at work at all stages of a brand's lifecycle. In this and other papers, we have shown how brand point management creates more powerful brand experiences – and in the process promotes agility, efficiency and global brand power ... and how these, in turn, create even more powerful brand experiences. It is no different for sustainability. The synergies promoted by brand point management have efficiency and agility at their core, and this is naturally leveraged for sustainability, over as wide a geographical footprint as a brand cares to operate.

SCHAWK AND SUSTAINABILITY

Schawk's mission in delivering brand point management services for its clients is to encourage and effect collaboration among all contributors to a brand's lifecycle, at all stages. Schawk is large enough, with more than 3,000 employees on four continents, to offer experts in every stage of a brand's lifecycle, from concept to printed piece. And these people are committed to the delivery of compelling and consistent brand experiences through the synergy of their work.

Schawk is a leading proponent and example of decoupling in Europe, and it has the expertise and manpower to effect it in North America. Schawk offers closed-loop services, servicing a wide range of large retail companies with extensive print collateral needs.

Premedia expertise is part of Schawk's five-decade history, and this foundation encompasses not only deep experience but a commitment to leading-edge technologies. In fact, Schawk is recognized by trade organizations as an authority in print-technology standards and training. This meshes with expertise in print materials, including substrates and inks, and in premedia technology, such as 3D imaging.

And Schawk's strength in collaboration isn't just a matter of philosophy and training. Schawk's Digital Solutions Group has developed BLUE™, a fully integrated suite of web-based enterprise software solutions that promotes sustainable processes as it achieves efficiency and agility for clients, even on a global scale.

And Schawk itself practices sustainability, by virtue of its company-wide Seven Pledges of Sustainability and the Energy Savers Program enacted in 2008 by Anthem Worldwide, Schawk's full-service brand-strategy and design company.

Sustainability is inherent in brand point management, and it is part of Schawk's own DNA.

SCHAWK!™

Schawk, Inc., (NYSE:SGK), is a leading provider of brand point management services, enabling companies of all sizes to connect their brands with consumers to create deeper brand affinity. With a global footprint of more than 60 offices, Schawk helps companies create compelling and consistent brand experiences by providing integrated strategic, creative and executional services across brand touchpoints. Founded in 1953, Schawk is trusted by many of the world's leading organizations to help them achieve global brand consistency. For more information about Schawk, visit <http://www.schawk.com>.

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