ENTERING CONSCIOUS CONSUMER MARKETS: TOWARDS A NEW GENERATION OF SUSTAINABILITY STRATEGIES

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Abstract

More than 40 percent of US consumers participate in the 300 billion (USD) conscious consumer market (CCM). In the past decade, the growth of the CCM has not gone unnoticed by startups and established multinational corporations. Yet what differentiates success and failure of such forays is not fully understood. By using multi-case study design we explore how a range of firms have approached entry into the CCM. Through this process we develop a CCM Entry Strategies Matrix which suggests alternate market entry strategies dependent on the scope of the marketplace and the values of the target consumer segment.

1. Introduction

Sustainable enterprises are businesses that were founded with a blend of for-profit aspirations coupled with social and/or environmental objectives\(^1\). Companies focusing on sustainability issues acknowledge the interdependence of business and society, meaning that one cannot flourish without the other\(^2\). The growing size of this sector has attracted not only new startups but also multinationals seeking to diversify their product line by entering new, unexplored market segments. In examining the interplay between sustainable new ventures (SNVs) and multinationals (MNCs) entering sustainability markets, recent research has explored the relative impacts of sustainable startups compared with large “sustainable” firms, which Hockerts and Wustenhagen\(^3\) identify as greening goliaths. In their conceptual development, the authors predicted that new sustainable business opportunities were more likely to be exploited by sustainable startups. Yet, they go on to predict that established traditional multinationals have an important role in the scaling of sustainable solutions throughout an industry.

Despite the growing research activity in sustainable business, industries and markets, many questions remain regarding these relationships. We seek to heed Hockerts and Wustenhagen’s
call for retrospective multi-case study research in order to understand the interplay between SNVs and established MNCs in the evolution of sustainability within industries and markets. We also aim to extend the work of other researchers in the *California Management Review*, in particular the work of Austin and Herman, who were also interested in the interplay between established multinationals and what they referred to as socially oriented business. In order to do so, our research explores market entry strategies used by sustainable enterprises into the conscious consumer marketplace (CCM), and is guided by the following research question: How do different types of enterprises articulate sustainability-oriented market entry strategies into a conscious consumer market?

In exploring different entry strategies used by sustainable enterprises, we conducted an inductive multiple case study research based on the entrance of thirteen firms - seven SNVs and six MNCs - into different conscious consumer segments. While there is no consensus definition of what a conscious consumer is, we agree that generally speaking they are consumers who seek to demonstrate an “awareness and desire to make, in the most part, informed and considered ethical choices” when buying products and services for themselves and their families. Our research is divided into two studies. First, we used inductive research strategies to identify key determinants of market entry strategy employed by the range of sustainable enterprises operating in five different conscious consumer segments: fair trade ice cream, green cleaning supplies, healthy quick service, organic grocery and apparel and natural lifestyles. Second, we draw on these determinants to delineate and map out the entry strategies used by these firms in entering conscious consumer markets.

Our case data analysis yielded two key determinants of CCM entry strategy. In articulating business propositions and strategies, our findings suggest that sustainable enterprises draw on
two key - internal and external - drivers. Internally, they focus on values that could potentially help them achieve more sustainable impact. They serve as the basis for shaping organizational behaviors and practices. We label this determinant values alignment. For our purposes, we operationalize values alignment through a retrospective observation of the degree to which the target consumer segment engaged with the product after launching. Externally, sustainable enterprises navigate in, and respond to, consumer segments with dynamic needs and standards. Market segments interested in and willing to pay for such values have been identified as conscious consumer segments. We label this determinant scope of target market. Using these two determinants as analytical devices, we subsequently returned to the cases to analyze entry decisions and actions and to develop a CCM Entry Strategies Matrix that account for four distinct ways in which SNVs and MNCs strategize to enter a conscious consumer market segment.

Our findings and model contribute to literature in business sustainability by narrowing down the wide range of market entry strategies available to sustainable enterprises and determinants that aid their elaboration through the identification of the two central ingredients of sustainability strategizing. This allowed us to elaborate a typology (CCM Entry Strategies Matrix, Figure 1) providing an organized, empirically-based view of the different strategies used by both SNVs and MNCs in entering conscious consumer market segments.

2. Entering CC Markets: Entry strategies and sustainability

Management, entrepreneurship and international business scholars have long been interested in factors affecting the market entry strategies of firms in new niches or markets. Theories such as the resource-based view of the firm have suggested that the decision to build capacity to enter a
new niche or acquire it is contingent upon the uniqueness of a firm’s resources and their potential to create a competitive advantage in new markets. International management scholars have identified a dozen variants of entry strategies for multinational firms entering foreign markets driven by a range of dimensions including the location of production, ownership over distribution channels, and again, the build versus acquire variants.

While a range of contexts for entry strategies have been explored in recent decades, there is still much to learn about market entry strategies in sustainability markets. Consideration of social and ecological environments is usually associated with a cost increase for companies. However, sustainability practices have proven relevant to accessing markets, obtaining investment, recruiting employees, building acceptance, reducing cost of material, energy, and services and differentiating products. In this vein, Orsato indicates that sustainability initiatives, such as ISO 14001 certification, fair-trade agreements or having eco-labeled products, can eventually be the best way of pursuing competitive advantage. Thus, visualizing sustainability challenges through the appropriate business lens can help identifying strategies and practices that drive shareholder value while simultaneously contributing to a more sustainable world.

This diversity might entail a myriad of possible strategies for entering conscious consumer markets. It invites an exploration of how these different types of enterprises, and the values and circumstances that drive them, might best be brought together in the service of society and the environment. Hockerts and Wustenhagen were amongst the first to initiate scholarly inquiry into the differentiated entry strategies between sustainability startups and multinationals. The same year, Unruh and Ettenson explored three strategic choices firms can make when considering entering green markets from: accentuate green features of current products, acquire a
green product or build a green product. Yet, the market entry strategies for startups and multinationals into conscious consumer segments (i.e. representing a broader framing than just green products) with differing degrees of sustainability and socially conscious consumer values has received insufficient attention from scholars to date, leaving firms exposed to risks of failing to find the right alignment between firm values and the values of the different consumer segments.

3. Research

In exploring how different types of enterprises articulate entry strategies into a conscious consumer market, we use a two-stage multi-case study design. By means of inductive research strategies, our first study sought to identify the key determinants of market entry strategies used by the SNVs and multinationals. Subsequently, we draw on these determinants and case study data to delineate and map out the entry strategies used by these firms in entering conscious consumer markets. In the following section, we provide a brief description and analysis of the selected segments and cases, which set the basis for the identification of determinants and subsequent elaboration of entry strategies.

Conscious consumer segment 1: Fair Trade Ice Cream

In 1978, childhood friends Ben Cohen and Jerry Greenfield scraped together $8,000 and secured a $4,000 bank loan in order to convert an old gas station into an ice cream parlor in Burlington, Vermont. With unusually named flavors like Cherry Garcia and Chunky Monkey, combined with natural and unique ingredients, and a distinctive corporate culture with a values-based
mission focused on community impact, Ben & Jerry’s gained quick market acceptance. In 1984, Ben & Jerry’s growth led them to launch an initial public offering (IPO). By 1992 sales reached $132 million and by 1999, annual sales of Ben & Jerry’s ice cream climbed to nearly $240 million.

Not surprisingly, Ben & Jerry’s demonstration of a market opportunity for unique flavors and responsible ice cream made the company an acquisition target. In late 1999, Unilever, on a mission to supplant Nestle as America’s Ice Cream King, began courting Ben & Jerry’s for future acquisition. Yet the founders had major reservations about a multinational company with virtually no prior experience as a socially-conscious leader taking over responsibility for the company they had carefully cultivated into a household name for both the quality and diversity of their ice cream and their absolute dedication to socially responsible principles.

Ben & Jerry’s has had social responsibility and fair trade principles embedded into its mission from the beginning, before those terms were even being used in industry. Their mission as defined on the company website includes three inter-related components. Socially, they seek to operate the company in a way that actively recognizes the central role that business plays in society by initiating innovative ways to improve the quality of life locally, nationally and internationally. In terms of their products, Ben & Jerry’s aims to make, distribute and sell the finest quality all natural ice cream with a continued commitment to incorporating wholesome, natural ingredients and promoting business practices that respect the earth and the environment. Finally, in economic terms they seek to operate the company on a sustainable financial basis of profitable growth, increasing value for stakeholders and expanding opportunities for development and career growth for their employees.15
During the negotiations, Ben Cohen and Jerry Greenfield pushed Unilever hard on issues of independence for the Ben & Jerry’s brand including an independent board and a binding commitment to maintaining their ingrained social values and community programming which had helped define the company since its founding. After much wrangling, a deal was finally achieved. In April of 2000, Unilever purchased Ben & Jerry’s for $326 million, agreeing to allow the new subsidiary to have a board independent of Unilever.

Taking over a SNV has consequences. Unilever was not immune to criticism due to the perceived low values alignment and actual potential for implementing sustainable practices throughout its operations. Jostein Solheim, the CEO of the Ben & Jerry’s subsidiary was asked to expound upon Ben & Jerry’s commitment to the B-Corporation and what impact this might have on Unilever. His response is telling:

The level of transparency and willingness to be open and honest is a testament to the relationship between Unilever and B&J’s, which we continually work for. It really helps put Ben & Jerry's back into the pioneering realm, this time for other businesses who may find themselves in a similar setting. We operate in a manner of open communication and sharing. As both organizations continue to pursue linked prosperity values be it in sourcing, social justice or sustainability we'll learn and succeed together. I've already spent considerable time with the Unilever CEO Paul Polman to discuss why we're proud of this announcement (Jo Confino, The Guardian).

Despite reported early struggles in the transition under Unilever ownership, Ben & Jerry’s has managed to maintain its commitment to social responsibility. In 2010 the company announced plans to achieve 100% certified fair trade for all of their ice cream flavors in the U.S. by 2013. Ben & Jerry’s became the first ice cream maker in the world to use Fairtrade Certified ingredients. In 2015, B&J paid $1,895,778 in social premiums to low income producers in Ghana, Ivory Coast, Uganda, Mexico, Ecuador, and Belize. Also in 2012, Ben & Jerry’s became
the first wholly owned subsidiary to obtain B-Corp status. Ben & Jerry’s CEO Jostein Solheim commented on the achievement in The Guardian:

As a wholly owned subsidiary of Unilever, the B Corp certification may even be a bit sweeter. When Ben & Jerry's was acquired, many folks thought it would be a challenge for the company to keep its values. We're thrilled to join the movement. To undergo the process of certification, where every facet of our business is scrutinized to ensure that we're walking the talk, is rigorous but rewarding. It allows an experienced, holistic, values-led third party entity that B Lab is the chance to affirm that we remain true to our mission and look to accelerate our social impact.

Interestingly, Unilever is reportedly considering seeking B-Corp status for the entire corporation which would make Unilever only the second publicly traded corporation to commit to the requirements of B-Corp certification. As such Unilever has agreed to work with the B-Corp organization B Lab to support the adoption of B-Corp by other publicly traded multinationals.

Conscious consumer segment 2: Green Cleaning Supplies

In 1988, also in Burlington, Vermont, Seventh Generation was founded by Jeffrey Hollender and Alan Newman. Hollender sought to lead by example in demonstrating that home cleaning products could be made chemical free and in a manner that considers the future impact of its activities for seven generations. By 2008, the revenues of this B-Corp had climbed to $93 million and by 2009 Seventh Generation had a combined 46% share of the natural foods cleaning, paper, and personal care markets in the U.S. and had achieved a six-fold increase in operating income since 2001. While Seventh Generation has chosen to remain private and independent, other SNVs in the green cleaning space have chosen a different course.
Method, another B-Corp, was founded by two young entrepreneurs, Adam Lowry and Eric Ryan, in 2001 in San Francisco. By focusing on non-toxic, biodegradable cleaning products and simplistic design, Method reached $100 million in revenue by 2008. After being courted by multinational soap companies, Method eventually opted for a merger/acquisition with a values-aligned acquirer, Ecover, in Belgium.

Clorox also was eyeing the growth of the natural cleaning products space, spawned by Seventh Generation. In 2008, two decades after Hollender founded Seventh Generation and seven years after Method’s founding, Clorox launched its Green Works line of natural cleaning products. Leveraging their existing distribution chain, Clorox sought to mainstream the niche natural cleaning segment. By the end of its first year, sales of Green Works products had already reach $100 million and as of early 2013, Clorox’s Green Works line had achieved a 24% share of the natural cleaning products segment in the U.S helping Clorox surpass Seventh Generation in its first year of availability in the market.\(^1\) In an effort to keep and grow their market share, Clorox also dropped prices to a 5% premium over their traditional product line.

Naturally a big challenge for multinationals launching niche sustainable product lines is the exposure to criticism they are “greenwashing” as opposed to truly committed to being more responsible.\(^2\) The assumption is that if the established company were really committed to positive change than it should convert all of its mainstream products to similar environmental and social standards. In an effort to thwart such attacks, Clorox sought, and actually obtained an endorsement from the environmental group Sierra Club.\(^3\) In 2009, the Green Works brand obtained the number one ranking (ahead of Burt’s Bees) in the Green Brands Global Insight survey by Landnor for the most recognized green brand in the U.S.\(^4\)
Conscious consumer segment 3: Healthy Quick Service

In 1993, a young chef named Steve Ells, armed with a degree in culinary arts and an $85,000 loan from his dad, launched the first Chipotle Mexican Grill in an old ice cream store in Denver. As Ells began a company-owned expansion following the same fast and fresh burrito model, he became increasingly focused on sourcing free-range meats and local, organic produce, leading to the launch of their ‘Food with Integrity’ program in 2001.

By 1998, Chipotle had expanded to 16 locations in a handful of states in the U.S. Midwest. That same year, McDonald’s invested capital to assist Chipotle’s expansion and eventually became a majority shareholder, accounting for 87% of voting shares in Chipotle. With McDonald’s $340 million investment and supply chain support, Chipotle experienced rapid growth, opening its 500th location in 2005. In January 2006, Chipotle had a successful initial public offering. Yet McDonald’s chose to divest its shares in Chipotle that same year. The publicly stated rationale for the divestment was that:

Attracting more customers to McDonald's remains our greatest opportunity for long-term profitable growth. Just 1% growth in McDonald's global comparable sales translates to approximately $100 million in additional operating profit for the company and a substantial cash flow increase for all of our McDonald's owner/operators. We believe that now is the time to further sharpen our focus on brand McDonald's (Jim Skinner, former CEO, McDonalds)."^^23"

Yet, evidence suggests that there were serious disagreements between senior management of McDonald’s and Ells regarding the expansion strategy and Chipotle’s commitment to Food with Integrity. While Ells has said little publicly about the McDonald’s experiment, he has accepted there were significant differences of opinion."^^24 In the following years after the split, Chipotle experienced a rapid growth hitting an historical high of $758 per share in August 2015 and expansion, with a total in 2016 of 2,010 restaurants in five countries including Mexican...
grills, Pizzerias and Asian kitchen restaurants. This expansion was abruptly stopped in late 2015 after an E. coli outbreak, where Chipotle did not only register a significant loss of consumer confidence but also raised doubts about its capacity to deliver healthy products. Despite the decline in sales (-17%) and share value (-44%, ~$400 per share) registering a corporate record of 52 weeks of continuous decline, Chipotle has managed to recover and attract institutional investors again in Q3 2016. This rebound has been explained in part due to Chipotle’s ability to reach financial settlements with over 100 customers out of court (minimizing the risk of reputational damage), demonstrating leadership in food safety with a $10 million investment in a local grower support program, radically changing its food preparation and logistics protocols, and most importantly from its expansion plans in Europe, where its value proposition aligns well with a lifestyle that prioritizes organic, non-genetically modified ingredients.

Conscious consumer segment 4: Organic Food Retail

Essentially all agriculture was organic prior to the introduction of insecticides in the 1920s. Yet, organic foods experienced a renaissance beginning within a few decades and then gained prominence in specialty supermarkets in the U.S. in the 1980’s. Between 2006 and 2010, the U.S. organic retail sector grew 56% and by 2015 sales of organic foods in the U.S. reached $39.7 billion. 25 In 1980, John Mackey, Renee Lawson Hardy, Craig Weller and Mark Skiles launched the first Whole Foods market in Austin, Texas. By 1989, Whole Foods had expanded throughout Texas and began entry into markets on the West Coast through a combination of internal expansion and acquisition. In 1992, Whole Foods issued its initial public offering (IPO) on the NASDAQ.
By 2013, Whole Foods had reached 340 stores in the U.S. alone and with nearly $12 billion in revenue, was in the 264\textsuperscript{th} position in the Fortune 500 rankings. It was only natural that the impressive growth of Whole Foods and the organic food retail market overall would also attract the interests of multinationals. In 2006, Walmart announced plans to sell organic food on its shelves throughout the U.S. While Walmart is primarily known for low-cost department store products for the home, at the time of its announcement it was already the largest grocery retailer in the U.S. In June 2013, Walmart announced plans to double its sales of organics while going upstream and working directly with farmers in order to get better prices and to reduce the time from harvest to store shelves. Of course Walmart is able to implement this approach by leveraging its existing distribution centers and its own trucking fleet.

_Conscious consumer segment 5: Apparel and Natural Lifestyles_

Sustainable Apparel is part of LOHAS’s Natural Lifestyles segment, an emerging market that seeks ethical, fair-trade, and sustainably-sourced footwear, apparel, equipment, accessories and related services. Several brands have tried to enter this US$ 10 billion market, with disparate results. Nike, a global sportswear behemoth, has worked over the past two decades to improve its brand image which was heavily impacted in the 1990’s by activist groups which had uncovered child labor and sweatshop practices in Nike’s supply chain. Nike has made significant progress in cleaning up these problems and as such has experienced an improvement in their brand image, including amongst conscious consumers. In 2005, Nike, trying to capitalize and further improve their brand amongst conscious consumers, launched their first line of eco-friendly shoes called “Considered”. The hemp-fiber shoe line failed to inspire anyone and was removed from their product line within the year. Nike’s brand image is associated with innovation and high
technology and the Considered line strayed too far from their brand and target market. Even though Nike had mostly repaired its image with conscious consumers, Nike has never been considered a core conscious consumer company. Since the failed Considered initiative, Nike had a reboot on its sustainability efforts, and in recent years has achieved impressive gains in making all of their shoes more sustainable, instead of focusing on ecological shoe lines. In May of 2016, Nike announced that 71 percent of all of their footwear are made of recycled material, primarily from waste products from their own manufacturing processes.26

On the other side of the spectrum, niche sustainable apparel makers have developed more appropriate, consumer-sensitive strategies addressing from the outset the main criticisms of the apparel industry: child labor, low wages and material intensity. Veja is a French footwear and accessories brand focused on producing ecological and fair trade trainers and accessories. It works alongside cooperatives and social organizations in Brazil to produce eco-friendly sneakers from available rubber, cotton and leather (e.g. skin up-cycled from farm-raised tilapia). Veja’s business approach is different to what we have witnessed in the mainstream apparel industry. The founders decided not to rely on a factory for buying and processing rubber, the company instead allows each rubber tapper to process the material. While regular rubber in the market sells for less than a dollar per kilo, Veja pays four dollars a kilo. On the surface this seems to be counterproductive from a commercial perspective but it is simply a radically new business approach based on a strong fair trade philosophy. Veja shoes, produced in Brazil, are seven-times more expensive to manufacture than what its competitors pay for production in Asia, yet they reach competitive market prices by keeping the advertising budget as small as possible. This counterintuitive strategy seems to pay off. Although they have been in the market for only 10
years, Veja is already recognized by market experts as the “Paris’ favorite sneaker brand that you haven’t heard of”\textsuperscript{27} and “the Coolest Sustainable Sneakers We’ve Ever Seen”\textsuperscript{28}

Tables 1 and 2 provide a summarized view of the reviewed cases. Table 1 highlights the SNVs and Table 2 illustrates the different CCM entry strategies for established companies.

--- Insert Tables 1 and 2 about here ---

4. Case Studies Results

4.1 Determinants of market entry strategy

The research team collectively examined the data across the different CC segments and cases with the aim of identifying salient circumstances, actions and reactions shared by markets and companies. The case studies demonstrate a wide range of market entry strategies for SNVs and MNCs in burgeoning conscious consumer sectors. However, the case studies also began to shed light on the range of business approaches to engage these relatively new opportunities to do well by doing good. Yet, on the surface it may not appear evident what the best entry strategies should be for established companies going after conscious consumer segments. For many companies, this is virgin territory while other established companies like Interface, Patagonia and Munich RE have expressed a long-term commitment to more sustainable and responsible business practices. Our examination of the segments and cases identifies two continuums that constitute the analytical space upon which to plot the entry strategies, which we label values alignment and scope of target market, reflecting the inferred categories of \textit{values embeddedness} \textit{and market alignment} and \textit{market continuum} respectively.
Values Alignment

“Customers don’t just shop for a brand and its products, they also want to identify with its core values.” Richard Branson

Prior research has explored the importance of values alignment between employees and the firm with respect to achieving sustainability objectives. More recently, sustainability researchers have explored the importance of values alignment for sustainable entrepreneurs when seeking investment or acquisition. While there is a lack of current research exploring the role of values alignment between a company and conscious or sustainability-minded consumers, our employment of the term is consistent with the aforementioned uses and was a natural evolution of our mapping technique. For the purposes of our research, we define values alignment as: the extent to which a company’s perceived values are in congruence with the expectations of the target conscious consumer segment.

In all of the cases of sustainable startups discussed above, the founders instilled strong values into their businesses from the outset. Ben Cohen and Jerry Greenfield embedded social and environmental values into Ben & Jerry’s from the outset. From limiting the wage difference between executives and staff to active involvement in the local community to leading the way on fair trade ice cream, Ben & Jerry’s set the standard, not just for values oriented ice cream companies, but also for future sustainable firms in all sectors.

As expected, we found that sustainable values can be embedded into the business from the beginning or can be incorporated as the firm evolves, as was the case with the evolution of Ecover, in line with conscious consumer segments. Beginning with the name he chose for his company, Jeffrey Hollender infused a core environmental sustainability ethic in Seventh Generation at founding. Hollender spearheaded Seventh Generation’s focus on transparency and
was one of the earliest and most vocal hybrid enterprise founders to push the idea that companies should not only strive to do less harm but also to be environmentally restorative. Method founders Adam Lowry and Eric Ryan were likely inspired by Hollender’s efforts at Seventh Generation and also committed their company to leading by example with their products, processes and business practices.

Chipotle’s values seemed to evolve over time. While Steve Ells’ original focus was on quality tasting burritos with fresh vegetables, Ells became increasingly focused on improving the environmental and social responsibility of its entire supply chain. Of particular emphasis, as of 2002, was the increased use of free-range meats. Whole Foods from the very beginning were about bringing healthy, organic foods and natural products to the growing base of conscious consumers concerned about what they and their children were consuming.

Perhaps not surprisingly, the corporations discussed in these cases were not founded with a sustainability ethos infused into their values from the outset and throughout their histories have been exposed for less than admirable behavior. Corporate Watch, a research organization focusing on identifying and exposing negative corporate practices has published a long summary of reported abuses and negative behavior by Unilever over the years. Some of the highlights, or lowlights, include misleading marketing, collaboration with oppressive regimes and exploitation of workers in developing countries, dumping of toxic waste in India and the frequent use of genetically modified organisms (GMOs). This is in stark contrast with the values Ben & Jerry’s espoused.

In juxtaposition with how Seventh Generation got its name from a strong commitment to environmental stewardship over seven generations, Clorox got its name from its first product, a bleach product made up from a combination of chemicals. Clearly Clorox did not have the same
embedded values as the conscious consumer segment dictates. Throughout the years, Clorox has regularly been subjected to attacks by environmentalists for the excessive use of chemicals and toxins throughout their product line. In 1991, an internal Clorox memo outlining strategies for addressing the environmentalist onslaught was leaked to the press. According to Greenleft Weekly, the 60-page memo suggested the following tactics:

- Portraying Greenpeace as a violent organization whose scientific research is suspect;
- Launching a ‘Stop Environmental Terrorism’ public relations campaign that urges Greenpeace and ‘unalterably green journalists’ to be less irrational;
- Suing journalists for slander if they advocate the use of non-toxic bleaches and cleaners;
- Enlisting the support of national union leadership to defend Clorox in the name of saving jobs;
- Dispatching teams of ‘independent’ scientists to serve as ‘ambassadors’ to the media and government officials; and
- Conducting daily opinion surveys to measure the impact of the crisis and public reaction to the counter-measures.\(^3\)

This was more than two decades ago and evidence suggests that Clorox has articulated relevant initiatives to clean up their image including through the launch of the Green Works line.

McDonald’s has long been attacked for being a purveyor of unhealthy foods to the masses. Eric Schlosser published *Fast Food Nation* in 2001 as a harsh critique of the business practices of fast-food chains, with its sharpest criticism pointed to McDonald’s, where Schlosser provided evidence of exploitation of immigrants in their meatpacking facilities, anti-union tactics, targeting children in hopes of obtaining life-long brand loyalty, and of course McDonald’s contribution to the U.S. obesity problem.\(^3\)\(^4\) The extent to how unhealthy McDonald’s food actually is was exposed in the 2004 documentary film “Super Size Me.” In this film, Morgan Spurlock ate only McDonald’s food for 30 consecutive days. Spurlock gained nearly 25 pounds and achieved a dangerous cholesterol level of 230 among other physical and psychological impacts.
Walmart has arguably been one of the most vilified companies amongst activist groups in the socially responsible arena. With nearly $500 billion in annual revenue and its high ranking position in the Fortune 500, Walmart was destined to be a lightning rod for criticism, with much of it well deserved. In 2005 the United Food and Commercial Workers Union launched a campaign called Wake up Walmart in an effort to expose Walmart’s poor compensation and health benefits to its employees as well as Walmart’s efforts to restrict union involvement. Like McDonald’s, Walmart was also the subject of an attacking documentary. “Walmart, the High Cost of Low Price”, goes beyond worker’s rights claims to also attack Walmart for its bullying tactics with small businesses and environmental abuses.

Yet with all of these companies there is more to the story. We do not seek to defend the actions and past behavior of these companies. However, many, if not all of them, have made significant strides to improve not only their public perception but also their social and environmental responsibility through their actions. What is important however, is to recognize that established corporations have preexisting track records on social and environmental responsibility and their efforts to enter CCM with products and services targeting conscious consumers needs to consider their current corporate reputation and stance on issues that are relevant to the target market for these products and services. We suggest that established corporations consider values alignment prior to determining the most appropriate market entry strategy and develop this further in our second analysis.

Scope of Target Market

Which target market to go after when entering a new segment has been widely studied in marketing and management research. One approach to framing this choice is to consider the
scope of the target market. Rittenburg and Parthasarathy,\textsuperscript{35} for example, explored the ethical responsibility of corporations when marketing products ranging from harmful to beneficial to the scope of consumer target markets ranging from sophisticated consumers, at-risk consumers to vulnerable consumers. In our case, based on the results of our inductive mapping technique, we consider scope of target market leveraging Porter’s generic strategies whereby he suggested the scope of target market can be either narrow or broad\textsuperscript{36}. For this research, we consider scope of target market to be either narrow, niche-based, or mainstream. It is important to mention that while there is likely to be a correlation between scope and size of market, we are particularly referring to consumer type, not market size.

While the numbers speak for themselves regarding the relatively rapid growth of conscious consumer segments in the U.S. and around the globe, the percentage of consumers interested in those values-based products varies greatly. There have been numerous studies conducted over the past few decades attempting to classify and quantify the number of consumers interested in green and ethical business practices and products and services, and to what extent they are willing to pay a premium to express their values with their pocketbooks.\textsuperscript{37}

This leads to the second dimension of the analytical space. On one end of the spectrum is a niche green or social impact target market and the other end is mainstream. While NMI’s segmentation suggests that core LOHAS consumers are early adopters and are likely to embrace sustainable products from deep sustainable producers (niche); other segments are more likely to embrace less niche products, especially if they offer tangible health and/or financial benefits as well.
4.2 The CCM entry strategies matrix

Our second part of the study pertains to the development of a CCM entry strategies matrix. Accordingly, we draw on these determinants to delineate and map out the entry strategies used by these firms in entering conscious consumer markets. In uncovering the different entry strategies, we used several analytical techniques in a stage-wise process. First, two independent researchers evaluated the two resulting determinants based on a 0-100 scale, with 0 representing full value misalignment (weak) and full orientation to mainstream markets, and 100 full value alignment (strong) and full orientation to niche green markets. Value alignment was operationalized by looking at organizational practices and discourses reflecting moral principles, belief systems or ethical stances guiding corporate culture and behavior. We focused on a range of symbolic artifacts\(^{38}\) (such as mission statements, CSR campaigns and product labeling) used by the companies in specific areas such as ethics, diversity, and sustainability, and the extent to which the messages communicated through those artifacts reflect those principles, belief systems or ethical stances put forward by the correspondent conscious consumer market, as reflected in the descriptions provided by *The Natural Marketing Institute*\(^{39}\) and business sustainability literature more broadly\(^{40}\). The assessment of value alignment is therefore conducted ex-post, i.e. once the company has proposed and delivered a given set of values and the target segment has bought into or rejected the value proposition made by the company. This is assessed by looking at symbolic markers including both the company’s expressed values, mission, and so forth, as well as the products being offered, which act as carriers of the value-laden narrative. As an ex-post assessment, our analysis draws on how successful or not was the connection between the business proposition and its target segment.
Our selection of data numbers does not reflect degrees of something, it simply allows us to estimate and compare where the components fall in the matrix. Instead of arbitrarily allocating cases into the quadrants, we drew on typology mapping techniques used in Small-N qualitative comparative methods\(^1\), which allows for transforming qualitative data into numerical values, systematically analyzing case-based data and plotting the cases along the two continuums. In evaluating each of the two determinants, we returned to the cases (Table 1), which were purposively selected because they are revelatory and can richly describe the existence of a phenomenon.\(^2\) Based on these scores, cases were finally plotted in a matrix distributing the cases into four types of CCM entry strategies (Figure 1). The four strategies emerge from cases that are close to each other conforming distinct strategic orientations towards entering conscious consumer markets.

--- Insert Figure 1 about here ---

This article started off by asking a series of questions pertaining to market entry strategies and the interaction between SNVs and MNCs, in the conscious consumer arena. The market entry strategy for established companies in the conscious consumer space should depend on various factors including the values alignment and target market for the product or service. Quadrant 1 shows two cases with companies articulating entry strategies based on weak value alignment and oriented towards niche conscious consumers. Quadrant 2 represents most of the SNV entry strategies and one unique case of a company, Ecover, who migrated towards CCM over time and also acquired an SNV who already resided in this quadrant. Quadrant 3 shows two cases of entry strategies based on weak value alignment and oriented towards mainstream markets. Quadrant 4 shows two cases of MNCs and one SNV (Chipotle) articulating entry strategies based on strong value alignment and oriented towards mainstream markets. Below we
explore each of these quadrants and leverage the case studies above to support the *CCM Entry Strategies Matrix*.

**Quadrant 1. Weak Values Alignment and Niche Conscious Consumers (Buy & Separate).**

In our initial sample of cases, we found one clear example of this entry strategy whereby a firm with weak values alignment seeks to enter a highly conscious niche consumer segment. Ben & Jerry’s acquisition by Unilever illustrates this quadrant’s strategy. It is not clear that Unilever had the strategic vision to maintain Ben & Jerry’s independence or if it was more forced upon them by persistent founders. Reports of the acquisition negotiations have suggested that Ben Cohen and Jerry Greenfield were adamant that the only way they would approve the deal was if Ben & Jerry’s would maintain its own board, independent from Unilever. The two founders were allowed to continue supporting the wholly-owned subsidiary all these years later. Although there may have been some challenges along the way, Ben & Jerry’s recent commitment to 100% fair trade ingredients and becoming the first wholly-owned subsidiary to achieve B-Corporation status are further evidence that Unilever has managed to allow Ben & Jerry’s sufficient independence.43

Nike’s failed attempt to target the CCM with the “Considered” brand is a good example of an attempt to enter a niche CCM when perceived values alignment is low while seeking to integrate the product line into the core of the business. Considered was a niche conscious consumer product yet Nike sought to integrate it into its product portfolio. This research suggests that Nike’s experiment failed because Nike did not recognize the importance of values and target market alignment. Unlike Walmart Organics and Clorox Greenworks’s value propositions (see below), the values proposed by Nike did not evolve with the target market, and neither managed to align internally the niche (sustainability-driven) products under offer with the overall company
values, which arguably ended up alienating both mainstream and CCM segments. The *CCM Entry Strategies Matrix* demonstrates that Nike would have probably been better served to acquire and maintain an independent conscious niche brand, like Vibram which makes minimalist “barefoot” style running shoes with renewable materials.

Highly niche conscious consumers are willing to dedicate time to investigate the companies they buy from and when there is a strong lack of alignment between the niche consumers’ values and those of the entering company, such consumers will not only turn the other way, but are often interested in shaming such attempts at ‘greenwashing’. Facebook pages like the Greenwashing Hall of Shame\(^4^4\), digital media such as the Huffington Post\(^4^5\) and non-profit groups such as Greenpeace, Conservation International and the World Wildlife Fund have been willing to shame companies who overstate the sustainability benefits of their products.

While we only have a limited sample to make any definitive statements, the case from the core of our study, Unilever’s acquisition of Ben & Jerry’s, combined with Nike’s failure with Considered, lead us to believe that the recommended entry strategy in the context of a firm with low values alignment is to maintain independence for the niche brand in order to mitigate the risks of niche conscious consumers unwillingness to embrace a brand that appears to be inconsistent with their values. Furthermore, we are left believing that for established firms with low values alignment, they may be better off seeking to acquire a niche brand and separate it from their mainstream activity versus trying to build such a brand internally. This is because the way companies conceive of niche CC products and services, the way they are developed internally in an organization with respect to sourcing and value chain management decisions, and the way they are presented to niche CC consumers should be different. This, as was the case for Nike, is a very difficult task to achieve within a corporation that has a culture and accepted
practices, developed frequently over decades, oriented towards mainstream markets. Thus, we label the strategy for this quadrant “Buy & Separate”.

**Quadrant 2. Strong Values Alignment and Niche Conscious Consumers (Niche SNV Entrance).** *Quadrant 2* from the *CCM Entry Strategies Matrix* is associated with strong values alignment and a niche target market. This intersection is supported almost exclusively by the launch of a niche SNV in the conscious consumer space (with two exceptions being Chipotle and Ecover’s acquisition of Method). Niche conscious consumer products and services appeal to a smaller segment of the population that has more passionate commitment to buying ethical and sustainable products and services. This audience is more attuned to the behavior of the company which is providing the product or service. Values alignment is critical to this audience as these passionate consumers can turn on a company if they perceive a misalignment between their deeply held beliefs and the actions of a company seeking to sell them something which claims to be ethical and/or green. Because these are niche products, the costs for established companies to develop their own in-house solution may be prohibitive. Furthermore, these niche conscious consumers are also deeply loyal to brands that align with their values, so an acquisition of a hybrid enterprise in the niche area, by a values-aligned established company can improve the likelihood of retaining those customers and arguably reinforce the brand message of the established company.

This entry strategy was executed in Ecover’s acquisition of Method in 2012. Ecover was founded in Belgium in 1980 initially focusing on chemical free laundry detergents. By 1993, Ecover was selected by the United Nations Environmental Program (UNEP) as a member of the Global 500 Roll of Honor, suggesting Ecover had transformed from a more mainstream cleaning supplies company to a more values-aligned niche producer. As the years went on, Ecover
continued to expand its product line as well as its production and distribution to the U.S. and throughout Europe.

The Method product line and key members of their team, including founders Eric Ryan and Adam Lowry were actively involved in the combined company until recently. Ryan and Lowry have indicated that the values alignment between Method and Ecover were critical aspects of their decision to accept the offer, despite also receiving interest from larger multinational companies. This suggests another reason for values alignment in the acquisition of a niche conscious consumer product. Because niche SNVs are commonly run by founders who infuse their strong values into the DNA of the company, the likelihood for a successful acquisition increases if the acquirer has shared values as was the case with Ecover and Method.

Seventh Generation has also shown throughout the years a strong value alignment with its consumer segments. Its expansion plans have been consistent with the idea of “inspiring a consumer revolution towards nurturing the health of the next seven generations”, acquiring other purpose-oriented businesses such as recyclable coffee brewing systems and reusable water bottles. Its B-Corp status and consistency have been rewarded by like-minded consumers, which enabled the firm to reach the $200 million mark in revenues in 2015 ($250 million in Q2 2016). Such success attracted the attention of several MNCs interested in claiming more of the green and natural retail space appealing to the growing conscious consuming Millennials. In its most recent effort to corner this market, Unilever recently announced the $700 million acquisition deal for Seventh Generation. Unilever understands that this addition to its product portfolio will contribute to meeting the rising demand for high-quality products with a purpose, with strong value alignment with its niche consumers. At the same time, this pushed Procter & Gamble further behind, leading to their recent pursuit of the mission-driven care products company
Honest. After the Ben & Jerry’s experiment, where Unilever essentially left the acquired company alone, we expect to see a similar strategic move. Experts have reported that the Seventh Generation deal terms are similar to Unilever’s relationship to Ben and Jerry’s, where Seventh Generation will be allowed (and perhaps even more so encouraged) to maintain its mission-driven decision making, and value alignment with, and closeness to, niche conscious consumer segments.

Of course this quadrant reflects the entry strategy for all the SNVs we studied (summarized in Table 1) except for Chipotle. This is natural given that startups frequently go after niche markets that are less exploited by established incumbents. The emergence of the conscious consumer has allowed for the entry of dozens (if not hundreds) of SNVs focused on meeting the needs of the CCM. As SNVs, their values are inherently aligned in most cases with the niche CCM. Therefore, we have labeled this quadrant as “Niche SNV Entrance.”

**Quadrant 3. Weak Values Alignment and Mainstream Conscious Consumers (Build & Light Integration).**

As discussed above, conscious consumer products and services which cross the chasm are those that target more mainstream customers with less passionate ideals than those of the core conscious consumer segment. These customers are less demanding on the companies behind the products and services they buy. Therefore, a lack of deeply rooted conscious consumer values in the established company is not likely to turn off a majority of their customers as long as the product or service meets their needs. Because this quadrant is associated with targeting mainstream customers, something established companies are frequently better at than niche sustainable startups, it is likely that established companies will build their own conscious
consumer products to reach a more mainstream target market. We refer to this entry strategy as “Build and Light Integration.” We consider it light integration because the lack of values alignment and mainstream focus suggest that a company may tread lightly when incorporating new product lines that are slightly more oriented to the conscious consumer than the rest of their product offerings. *McDonalds Feel Good Food* is the best example of an MNC falling into this quadrant. McDonald’s was not planning, nor did they engage in a major overhaul to their menu, and for the most part they have focused more on gradually improving the healthy levels of their food while also engaging in corporate social responsibility and sustainability initiatives over time.

*Quadrant 4. Strong Values Alignment and Mainstream Conscious Consumers (Build & Deep Integration).*

Finally, *Quadrant 4* from the *CCM Entry Strategies Matrix (Build & Deep Integration)* is associated with high values alignment and a mainstream target market. When these two areas intersect, the market entry strategy for established corporations is to *build* the product or service internally and *deeply integrate* it into the product offerings. This quadrant is well represented in the case of Clorox’s Green Works line. As discussed above, Clorox does not have a clean track record when it comes to environmental leadership. It may be an understatement to suggest that their current and past product lines, Green Works notwithstanding, are not aligned with the values of most conscious consumers. Yet Clorox sought to penetrate the growing market for healthy cleaning products. While Clorox surprisingly managed to gain the endorsement of the Sierra Club for its Green Works line, Clorox also made it clear early on that they were going after the mainstream consumer as opposed to the hard-core deep green conscious consumer. In
fact in early 2013, Clorox ran an ad campaign mocking extreme environmentalists as an obvious attempt to reach out to the mainstream consumer such as Naturalites and Conventionals.

Clorox has achieved remarkable success with their Green Works line, commanding a sizable market share of the green cleaning segment despite being late to the party, and its history with chemical-laden products. This of course has opened up Clorox, given that much of their product line remains chemicals-based, to criticism from environmentalists, including the deep conscious customer segment. Yet, Clorox’s location in this quadrant rests on the fact that they managed to clearly align well with the naturalites and conventionals who are more focused on practical benefits of the products they buy and use, as opposed to ensuring the companies they buy from are consistent in their commitment to CCM throughout the product line. In the discussion section below we will revisit the topic of what established companies should consider doing to address the inconsistency between their new conscious offering and the rest of their product line and operations.

Arguably, given its size and market orientation Walmart could have been assigned to quadrant 3. However, our analysis of one particular business unit points us in a different direction situating this company’s strategy in quadrant 4. While Walmart has been exposed to substantial criticism for a range of its social flaws such as low wages and benefits and incessant squeezing of suppliers, Walmart has also made major progress in recent years in the environmental space. Securing a long-term consulting contract with the high profile former President of the Sierra Club, Adam Werbach was perhaps the most public inflection point for Walmart in the environmental arena. This 2007 action certainly led to a lot of debate in the environmental scene with many environmentalists publicly criticizing Werbach as a traitor.49
Yet that was just the tip of the iceberg for Walmart’s growing commitment to environmental responsibility. In recent years Walmart has invested heavily in energy efficiency and has famously pushed some of the most stringent environmental and carbon emission standards on its supply chain in industry.\textsuperscript{50} In analyzing the business case for investing in the low-carbon economy, the authors conclude that Walmart’s ambitious energy and waste targets, energy efficiency initiatives and stringent supplier sustainability scorecard are reflective of Walmart’s emergence as a corporate environmental sustainability leader. So while Walmart has its warts, it has also begun an ambitious sustainability program worthy of respect. Furthermore, a part of the Walmart mantra is to leverage a massive distribution chain and just-in-time inventory methods to bring lower priced products to the masses. This is exactly what Walmart is doing with their organic food retail program. Just as Clorox brought green cleaning supplies to the more mainstream conscious consumer, Walmart seeks to bring organic food to the masses by making organic products more accessible through the integration of organic food into its core business and distribution operations.

5. Implications

With this research, we set out to explore the different strategies a range of companies use to enter the conscious consumers space. Our analysis yielded two central analytical dimensions upon which we elaborate a Matrix of \textit{CCM Entry Strategies}. We argue that \textit{Values Alignment} and \textit{Scope of Target Market} are instrumental to understanding how the different strategies unfold. The cases developed in this research allow for reflection and insight regarding the range of strategies available and the efficacy of each one in light of the values alignment and target market sought. As such, the \textit{CCM Entry Strategies Matrix} not only allows for explaining
sustainability strategizing but also for uncovering the most relevant market entry strategy for SNVs and MNCs seeking to enter conscious consumer markets.

Throughout this research, we were particularly interested in the entry strategies for SNVs and MNCs into the conscious consumer marketplace. Yet, along the way, we also reviewed and observed some interesting patterns regarding firm choices to grow or exit within CCMs. Ecover experienced its own internal transformation towards a niche CCM while also choosing to grow their geographic footprint within the niche segment via acquisition of Method. McDonald’s dipped its toe in the CCM first with a minority investment in Chipotle, before switching courses and deciding to incorporate a light integration of healthier foods onto their menu. Nike, however exited the niche CCM market rather quickly after failing to gain traction with their Considered line. Then, when exploring how SNVs evolved we saw a big range from staying private while growing from within for decades before finally becoming an acquisition target (Seventh Generation), issuing an IPO (Ben & Jerry’s; Chipotle) and in two cases, an acquisition (Method; Ben & Jerry’s).

In many cases it seems that sustainable entrepreneurs may be less focused on a quick exit by acquisition followed by ceasing involvement in the venture. While this strategy is commonly sought in venture-capital backed startups, it was not observed in any of our cases. In fact in none of the cases studied did the original founding CEO voluntarily leave the company for several years. One could argue that the deep values held by sustainable entrepreneurs compel them to seek continued involvement in ensuring their values are maintained while encouraging the company to grow its impact.

Relatedly, in all the cases discussed, the more established traditional companies entered the conscious consumers markets after sustainable entrepreneurs validated the market, consistent
with Hockerts & Wustenhagen. Being a first mover in most industries carries with it arguably more disadvantages than advantages. In the early days, startups in new segments must educate the marketplace about the values of their innovation and spend a higher amount of dollars on customer acquisition than followers. The risk of failure is high at this stage leaving many to wonder why entrepreneurs even bother to enter new markets. For sustainable entrepreneurs facing a possible acquisition by a larger company, it may be important to consider how deeply embedded are the social and environmental values in the company and in its target market. If it is as important to the founder(s) to maintain deeply engrained values upon acquisition as it was for Ben and Jerry, we believe there is a strong case for following in their footsteps by both requiring some level of autonomy for the acquired company, when the acquirer is not values aligned.

If an MNC seeks to engage in merger and acquisition (M&A) activity with a SNV brand, it needs to have a clear strategy on integration versus independence for that entity. This research suggests that in the case where an MNC does not have a strong brand amongst conscious consumers, it is probably in everyone’s best interest to separate their new brand (either acquired or built) from the core operations of the company. If not, the result could actually be a backlash against both the new brand and the corporation. Furthermore, prior to pursuing a new conscious consumer brand, an MNC with little track record in the social and environmental arena may be served by developing a strategy for gradually introducing the values into the parent company and the mainstream products it carries. In the case of an acquisition of a conscious consumer brand, the MNC may even consider tasking the founders of the acquired company with assisting in the process of upstream values alignment.
The *CCM Entry Strategies Matrix* also suggests that new business managers within MNCs tasked with exploring potential entry into a conscious consumer market, would benefit from incorporating factors beyond the traditional metrics such as potential market size and competitive dynamics before deciding to enter a conscious consumer segment. Specifically, a segment which focuses on niche conscious consumers, even if it is a big niche, is likely to be a less attractive opportunity for the MNC than a mainstream segment even when the total market potential is similar. In this scenario, it appears that the best path forward would be for the MNC to acquire a values-aligned niche segment while allowing the newly acquired entity to maintain enough autonomy to remain authentic to its consumer base. A recent article in Fortune reinforces this approach when referencing Unilever’s acquisition of Seventh Generation:53

For Unilever, the tie-up gives it a well-established brand in the eco-friendly cleaning segment—an area consumer packaged goods giants have struggled to build from scratch. (Seventh Generation’s CEO, John Replogle commented:) “A lot of large companies have tried unsuccessfully to create new brands but used old playbooks. Those tend not to resonate as well.”

In conducting this multi-case research, we sought to heed recent calls for further exploration of the interrelationships between small and large firms and entry strategies in sustainability markets.54 The conscious consumer market is only likely to grow with the increasing numbers of the U.S. and global population concerned about their own health and impacts on the planet and as social media use increases transparency regarding existing practices and behavior of companies. We expect to continue to witness established companies entering the conscious consumer market over time, and a new flock of sustainable entrepreneurs as well. We firmly believe that the *CCM Entry Strategies Matrix* will be of service towards this end by providing, first, a conceptual framework for further analysis, and second, guidance to entrepreneurs and
MNCs regarding the appropriate market entry strategy depending on the market scope and values alignment with conscious consumers.
# Tables and Figures

## Table 1. Conscious Consumer Segments and Sustainable New Venture (SNV) Cases

<table>
<thead>
<tr>
<th>Conscious Consumer Segment &amp; Case</th>
<th>Founders/Founded</th>
<th>Description</th>
<th>Mission statement / articulation of values</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fair Trade Ice Cream</strong></td>
<td>Ben Cohen, Jerry Greenfield (Burlington, USA, 1978)</td>
<td>Ben &amp; Jerry’s is an American dairy company that manufactures ice cream, frozen yogurt, sorbet, and ice cream products. Despite being a wholly-owned subsidiary of Unilever, it operates its business based on a triple-bottom line approach emphasizing product quality, economic reward and a commitment to the community.</td>
<td>Ben &amp; Jerry’s operates on a three-part mission that aims to create linked prosperity for everyone that is connected to the business: suppliers, employees, farmers, franchisees, customers, and neighbors alike. It is a certified B Corp and recognized as one of the first companies in the world to place a social mission in equal importance to its product and economic missions. Ben &amp; Jerry’s makes significant product donations to community groups and nonprofit organizations. Its philanthropic program aims to deliver the founding values of the company: economic and social justice, environmental restoration and peace through understanding and support of local communities.</td>
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<td><strong>Green Cleaning Supplies</strong></td>
<td>Jeffrey Hollender, Alan Newman (Burlington, USA, 1988)</td>
<td>Seventh Generation is an American company that manufactures and sells plant-based household products including cleaning, paper, and personal care products. In 2016, Seventh Generation was acquired by Unilever for an estimated price of $700 million.</td>
<td>Seventh Generation defines itself as a mission-driven company and seek to inspire a consumer revolution that nurtures the health of the next seven generations. Initially, not committed to sustainability, the firm evolved over time to design and develop its products “with human health and the environment in mind”, surpassing in 2014 the $200 million mark in annual retail sales. In line with its commitment to sustainability, Seventh Generation received a B Corp certification, and has aligned its expansion plans with these principles, acquiring like-minded businesses such as recyclable coffee brewing system and reusable water bottle.</td>
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<td>Ecover</td>
<td>Frans Bogaerts (Malle, Belgium, 1980)</td>
<td>Ecover is Belgian company that manufactures ecologically sound cleaning, washing and personal care products.</td>
<td>Ecover seeks to provide effective sustainable washing and cleaning solutions that can be used daily by people all around the world. The company is committed to developing manufacturing ecological washing and cleaning products made primarily from plant and mineral based ingredients. Ecover’s proposition is based on four key strategic manufacturing decisions: utilization of plant-based and renewable ingredients, minimization of possible toxicity</td>
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<td>Method</td>
<td>Eric Ryan, Adam Lowry (San Francisco, USA 2001)</td>
<td>Method is an American company that manufactures and sells home cleaning and personal care products. This design-driven, environmentally minded company surpassed the $100 million mark in revenues in 2012, before it was acquired by Method Products for an undisclosed price.</td>
<td>Method was founded to develop a line of non-toxic, biodegradable and environmentally friendly cleaning and personal care products with the goal of directly competing with Seventh Generation. Since 2012, Method operates as a subsidiary of Ecover, and differentiates itself from its competitors through innovative design, rather than radically green products. “We wanted a company with the same principles, but one that targeted a slightly different group of consumers.” Ecover’s CEO Philip Malmberg.</td>
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<td>Healthy Quick Service</td>
<td>Chipotle Mexican Grill Steve Ells (Denver, USA, 1993)</td>
<td>Chipotle Mexican Grill is a chain of restaurants in the United States, United Kingdom, Canada, Germany, and France, specializing in burritos and tacos.</td>
<td>The company is driven by the notion of food with integrity, which means serving the very best sustainably raised food possible with an eye to great taste, great nutrition and great value. It supports and sustains family farmers who respect the land and the animals in their care.</td>
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<td>Organic grocery</td>
<td>Whole Foods Mark Skiles, Renee Lawson, Craig Weller, John Mackey (Austin, USA, 1980)</td>
<td>Whole Foods Market is an American foods supermarket chain specializing in natural and organic food. Currently, WFM operates 441 stores in three countries, offering the largest range of organic products reaching 4,400 items.</td>
<td>WFM defines itself as a mission-driven company that aims to set the standards of excellence for food retailers. For more than 30 years, the company has been leading the natural and organic foods retailing business. With a strong commitment to sustainable agriculture, the mission of the company relies on eight key values that are presented as the backbone of the company culture, permeating all aspects of the company.</td>
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<td>Apparel &amp; Natural Lifestyles</td>
<td>Veja Sébastien Kopp and Ghislain Morillion (Paris, 2005)</td>
<td>Veja is a French footwear and accessories brand focused on producing ecological and fair trade trainers and accessories. Veja products are offered in more than Since 2014, the business has expanded in significant ways, surpassing the 1,000 stores mark worldwide with an average annual growth of 35%.</td>
<td>As a fair-trade company, Veja is committed to advancing a vision that promotes cultural changes by combining fair trade and ecology and links together economy, social initiatives and the environment. Recognized as one of the Most Ethical Sneaker Brand in the World, Veja’s trainers and accessories are made of organic cotton, wild rubber from the Amazon and vegetable-tanned leather, which are produced by cooperatives of small producers and social associations in Brazil and France.</td>
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<tr>
<td>Firm</td>
<td>Segment</td>
<td>Entry Choice</td>
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<tr>
<td>Unilever</td>
<td>Fair Trade Ice Cream</td>
<td>Acquisition of a niche, values aligned SNV</td>
<td>Unilever’s Food &amp; Drink division contains several ice cream brands including Carte D’Or, Cornetto, HB and Magnum making it one of the largest distributors of ice cream in the world. Yet, when Unilever sought to enter into the high end, LOHAS segment, it chose to acquire Ben &amp; Jerry’s a premium ice cream company with strong social values.</td>
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<td>Clorox</td>
<td>Green cleaning supplies</td>
<td>Build mainstream brand</td>
<td>The Clorox Company, based in Oakland, California, is an American multinational manufacturer and marketer of consumer and professional cleaning products and supplies. Green Works is a environmentally-friendly home cleaning product line made with plant- and mineral-based cleaning ingredients. They come from biodegradable ingredients that are naturally derived, are not tested on animals, and use environmentally sustainable packaging whenever possible.</td>
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<tr>
<td>Ecover</td>
<td>Green cleaning supplies</td>
<td>Acquire another values aligned SNV for geographic expansion</td>
<td>One of the few examples we studied of a firm which evolved to be a niche, values-aligned SNV acquiring another niche, values-aligned SNV. In this case, Ecover was seeking geographic expansion into North America.</td>
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<tr>
<td>McDonalds</td>
<td>Healthy quick service</td>
<td>Build internal mainstream offering</td>
<td>While not recognized as a sustainable company, McDonald’s has sought to improve its impact on the environment and communities where they operate. In the last decade, McDonalds has strengthened its sustainability priorities, putting people, processes and practices into place to make better food, more sustainable sourcing, happier people, a stronger community and a healthier planet.</td>
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<tr>
<td>Walmart</td>
<td>Organics</td>
<td>Build internal mainstream offering</td>
<td>Walmart is an American multinational retail corporation that operates a chain of discount department and warehouse stores. It operates over 11,000 retail units in 27 countries. In recent years, Walmart has sought to use its buying power and scale to improve its sustainability performance, including an entry into the organics market.</td>
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<tr>
<td>Nike</td>
<td>Apparel &amp; Natural Lifestyles</td>
<td>Build internal niche offering, Considered</td>
<td>Nike Inc. is an American multinational manufacturer and marketer footwear, apparel, equipment, accessories and services. With most of its factories located in Asia, Nike has been under continuous public scrutiny for the use of child labor and accusations of unfair wages. In recent years, Nike has sought to reverse the situation by improving its sustainability performance, both environmentally and socially, and entering new markets including their failed attempt to enter a niche CCM with the Considered brand.</td>
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Figure 1. CCM Entry Strategies Matrix
Sierra Club later ceased their involvement with the brand.


Unruh and Ettensohn, (2010).


Unruh and Ettensohn, (2010).

Note: The Ben & Jerry’s acquisition by Unilever was also included in Austin and Herman 2008, California Management Review publication.

http://bsocialresponsibility.weebly.com


It should be noted that due to grassroots opposition to Sierra Club’s support of Clorox (see http://www.nbcnews.com/id/25708115/ns/us_news-environment/t/some-sierra-club-feel-sullied-clorox-deal/) , Sierra Club later ceased their involvement with the brand.

http://www.costar.com/News/Article/McDonals-To-Unwrap-Itself-from-Burrito-Chain/78001


http://www.huffingtonpost.com/entry/nike-recycled-shoes_us_5733436fe4b0be9cb048b398


These Are the Coolest Sustainable Sneakers We’ve Ever Seen. Wired Magazine http://www.wired.com/2016/01/these-are-the-coolest-sustainable-sneakers-weve-ever-seen/
https://www.virgin.com/richard-branson/golden-rule-marketing


43. Not only have the founders of Ben & Jerry maintained an active role in the company after acquisition but they have also remained active in promoting the causes they believe in. For example, on April 18, 2016, they were both arrested in Washington, D.C. for demonstrations pertaining to growing income inequality in the U.S. Cohen even created a small batch of ice cream in honor of Bernie Sanders campaign.


45. As a side note, recently Adam Lowry has started a new SNV also focused on the conscious consumer segment. Ripple is a sustainable plant-based alternative to dairy milk, made from peas. See http://www.fastcoexist.com/3058722-this-pea-based-milk-is-healthier-than-almond-milk-and-actually-tastes-almost-like-milk for more information.


