

Materials Sustainability Meets Performance: 2017 Lux Executive Summit Americas Interactive Session Discussion Summary

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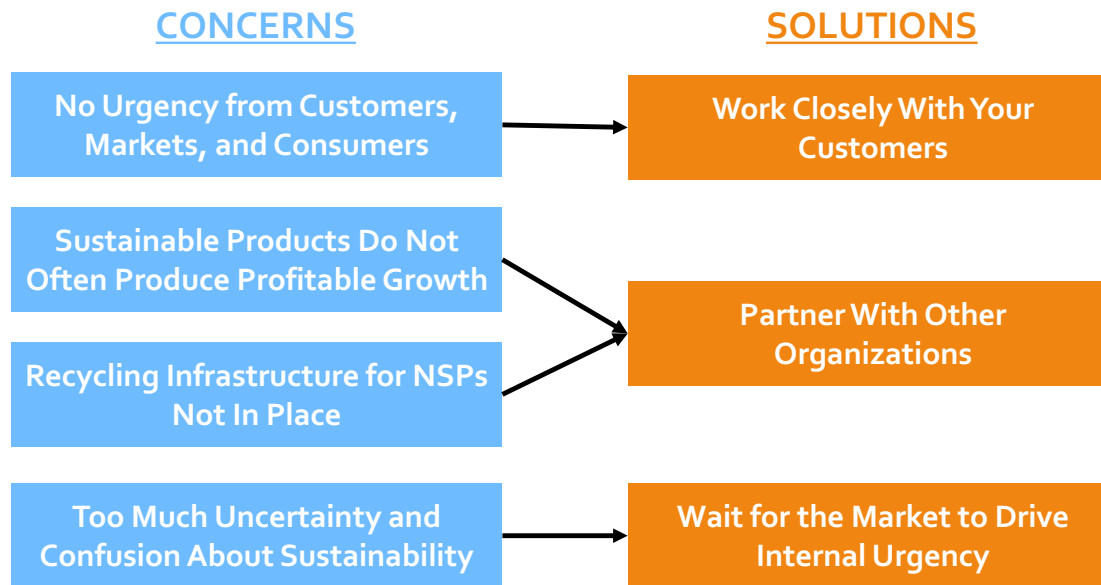
Coverage Areas: Corporate Strategic Intelligence,
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Materials

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Executive Summary



During the 2017 Lux Executive Summit Americas, an interactive session was held as part of the Materials Sustainability Meets Performance track. This session was a group discussion focused on identifying the key challenges associated with developing new sustainable materials. Approximately 100 people participated in this session. To start the discussion, one key problem was highlighted: when should chemical and materials companies begin to invest in developing new sustainable products (NSPs); and one possible approach to solving this particular problem was highlighted: cross-company collaboration. This report summarizes and maps the resulting discussion.

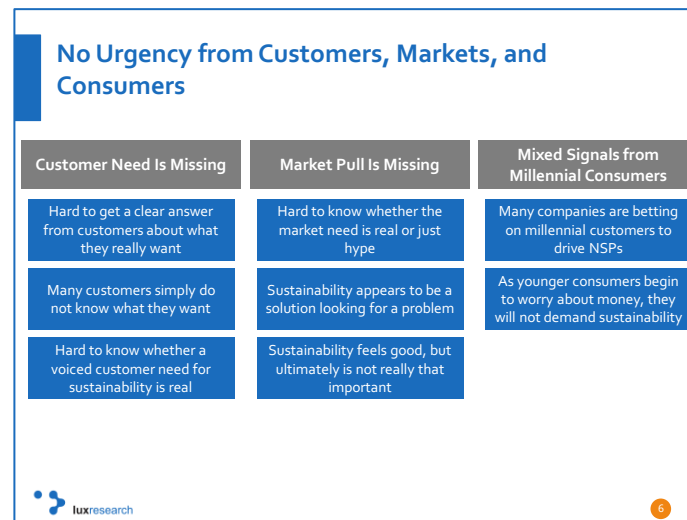
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- Identified Problems
 - No urgency from customers, markets, and consumers
 - Sustainable products do not often produce profitable growth
 - Recycling infrastructure for new sustainable products (NSPs) not in place
 - Too much uncertainty and confusion about sustainability
- Possible Solutions
 - Work closely with your customers
 - Partner with other organizations
 - Wait for the market to drive internal urgency
- Summary
 - Identified high level problems linked with their possible solutions
- Special Thanks

Methodology

- Participants' comments were captured on a flip chart by the session's moderator.
- In this presentation, each captured comment is represented in the text in a blue box.
- The comments were placed into two-level [affinity diagrams](#). The first level affinity group is shown in grey. The second level affinity group is the title of the slide.
- The second level affinity groups are also mapped together with the identified problems and potential solutions linked together.

Second level affinity group



First level affinity group

Participant comment

No Urgency from Customers, Markets, and Consumers

Customer Need Is Missing

Hard to get a clear answer from customers about what they really want

Many customers simply do not know what they want

Hard to know whether a voiced customer need for sustainability is real

Market Pull Is Missing

Hard to know whether the market need is real or just hype

Sustainability appears to be a solution looking for a problem

Sustainability feels good, but ultimately is not really that important

Mixed Signals from Millennial Consumers

Many companies are betting on millennial customers to drive NSPs

As younger consumers begin to worry about money, they will not demand sustainability

Sustainable Products Do Not Often Produce Profitable Growth

NSPs Are Not Often Very Profitable

How a firm currently makes money today can limit internal interest in NSPs

Hard to get through the valley of death and achieve sales large enough to be viable

If your competition is already there, you might have lost the opportunity

Other Factors More Important for Sales Growth

Sustainability is only one factor out of many

Performance usually more important than sustainability

Cost is usually more important than sustainability

Sustainability is not usually a priority

Sustainability Not Critical to Corporate Growth

Big firms have sustainability goals, but they are usually not strategically important

Corporations theoretically support sustainability, but urgency is often missing

Millennials interested in working on NSPs regardless of profitability

Recycling Infrastructure for NSPs Not In Place

Recycling Solutions Not Available

Current recycling infrastructure does not support NSPs

For packaging, recycling of new materials not available

New life-cycle ecosystem needed, but difficult to create

Too Much Uncertainty and Confusion About Sustainability

Uncertainty and Confusion About Sustainability

Unknowns include chemistry, collaboration, regulation, and consumer preferences

Internal confusion between what is meant by “customer” and “consumer”

There is not a clear, generally agreed definition of sustainability

Work Closely With Your Customers

Educate Your Customers

Educate your customer on the benefits of your NSP

Educate the consumer on the benefits of your NSP

Get your customer to accept the higher price for your NSP by educating them

Align with Your Customers

Develop a NSP only when your customers demand it

Partner with your customer when developing a NSP

Responding to new customer requirements can create urgency (e.g. Walmart)

Develop New Applications

Start with high-end niche applications

Change product specifications to drive customer acceptance

Partner With Other Organizations

Gain Governmental Backing

Regulation can create urgency

Government encouragement can seed corporate cooperation

Collaborate with Peers

Work together do develop industry standards

Work together in industry consortia

Use open innovation tools

Look for minimum viable synergies when searching for development partners

Create an easy process to enter into contracts with partners

Develop a New Corporate Ecosystem

Develop new end-of-life infrastructure to enable recycling of NSP

Make the waste handling / recycling business attractive

Create jobs for local communities and help society

Wait for the Market to Drive Internal Urgency

Wait for Market Pull

“Sometime” in the future
developing NSPs will become
“something”

Be a fast follower rather than
a technology leader

Market pull determines
commercial timing

Identified High Level Concerns and Their Possible Solutions

CONCERNS

SOLUTIONS

No Urgency from Customers, Markets, and Consumers

Work Closely With Your Customers

Sustainable Products Do Not Often Produce Profitable Growth

Recycling Infrastructure for NSPs Not In Place

Partner With Other Organizations

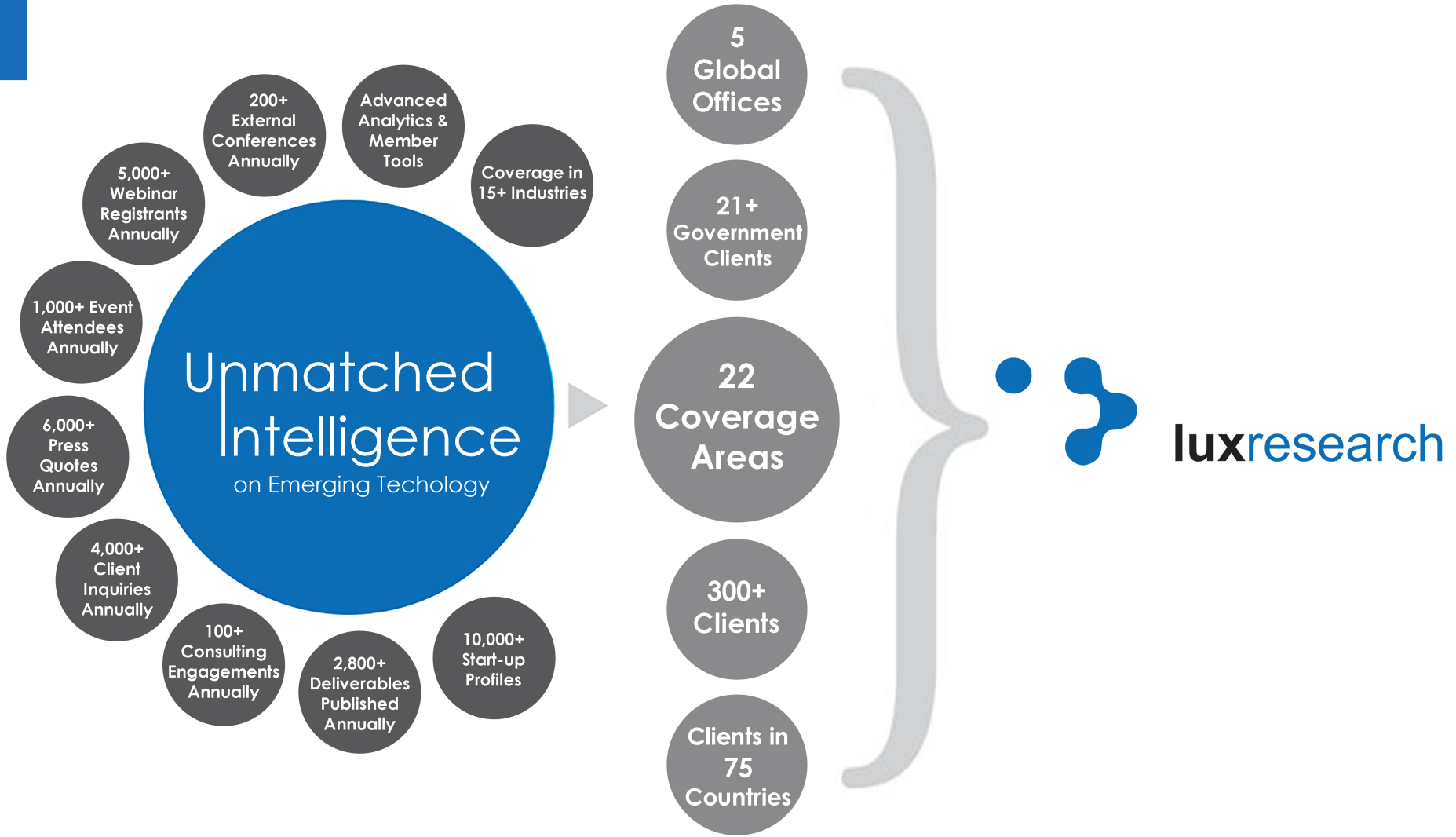
Too Much Uncertainty and Confusion About Sustainability

Wait for the Market to Drive Internal Urgency

Special Thanks

- To prime the discussion, Lux enlisted four conversation starters for this interactive session. These industry experts were instrumental in guiding the discussion. Lux thanks them for their time, engagement, and knowledge. Our conversation starters were:
 - Patricia Ansems Bancroft, Research Fellow, The Dow Chemical Company
 - Mark Dobrovolny, Director, Strategic Innovation & Technology Alliances, Colgate-Palmolive
 - Rob Kress, Commercial Lead, Bio-Industrials, Cargill
 - Ed Richards, VP, Corporate Business Development, The Lubrizol Corporation

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