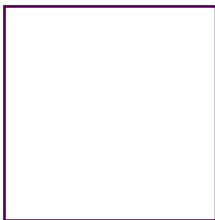


NU-Spaarpas

The sustainable incentive card scheme

*An eighteen-month trial period in Rotterdam
2002-2003: background and results*

Paul van Sambeek • Edgar Kampers



Saving the world is your profit!

Colophon

The NU card scheme is an initiative of the Rotterdam Municipal Authority (Environmental Policy section of the Public Works Department, RET Transport Authority, Roteb Sanitation Department), Rabobank Rotterdam, and Stichting Points. The Rotterdam demonstration project was also made possible by the European Commission ('LIFE III') and the ~~province~~ Province of South Holland ('Learning for Sustainability').



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Foreword

Sustainable consumption and production are a central objective for the coming years. Economic growth remains necessary to provide jobs and economic welfare today and tomorrow. But this growth must operate within the ecological boundaries of our communities and of our planet. Our current patterns of consumption and production are not sustainable. We need to start consuming and producing differently and better – to make more from less. Otherwise our natural resources will continue to degrade.

The EU will put more emphasis on sustainable consumption and production in the coming years. During the Johannesburg Summit on Sustainable Development in September 2002, sustainable consumption and production was included in the Johannesburg Implementation Plan. Now we must move from words to deeds. Innovative approaches and good examples are needed more than ever.

The NU card in Rotterdam is such an example. It rewards consumers of goods and services that meet sustainability criteria.

Today 100 shops and municipal services in Rotterdam accept the card. Over 10,000 consumers use it to gather points that can in turn be spent on sustainable goods and services. The card shows that consumers can make a difference. It shows that the right incentives are important.

The European Commission has co-funded the project, because we are convinced that without a change of behaviour sustainable consumption and production will not be achieved. This book reports on the NU experiment, together with a more general discussion on similar approaches. I hope it will contribute to spreading the message that we can change our way of life, if we want to.

Margot Wallström, European Commissioner for the Environment



1 NU CARD SCHEME: FROM CONCEPT TO PLAN

1.1 Introduction

Saving the world is your profit! This is the motto under which the NU card scheme ('NU-spaarpas') was launched in Rotterdam in May 2002. The NU card is the first technologically advanced incentive system for sustainable behaviour and sustainable consumption. It was realized in a unique public/private collaboration between the Rotterdam Municipal Authority, Rabobank, and Stichting Points (formerly Barataria).

The NU card scheme is an attractive option for anyone wishing to encourage sustainability and quality of life at a local level: marketeers, waste processors, public transport companies and scientists. NU card is also attractive to those who think systematically about the changing role of the government and who are looking for appropriate instruments.

Implementing a sustainable incentive card can take the interests of various groups into account.

With the NU card scheme, *private households* gain immediate material advantages, because civilians/consumers are rewarded for sustainable everyday behaviour and for consuming sustainable goods. They gain a new, tangible way of acting and learn more about the sustainability of products and services.

Shops use the NU card to attract and retain customers; the card is a good opportunity to promote a shop and its range of sustainable products. The positioning of the NU card



scheme is unique, and the card has the potential to win a considerable share of the market.

For *government* bodies, the NU card scheme is rewarding because not only is it a new instrument for influencing behaviour, it also doubles the effect of subsidy euros and generates valuable, detailed policy information.

The NU card scheme in Rotterdam came into being with the financial support of the Rotterdam Municipal Authority, Rabobank, the European Union and the Province of South Holland. When the NU card scheme was launched, the initiators allowed for the possibility of continuing the savings programme after the trial period. However, during the trial period, it became apparent that there was no future for the NU card scheme without structural and substantial contributions from various partners. At the end of 2003, with the exception of the Rotterdam Municipal Authority, none of the partners were prepared to contribute financially to a continuation of the project in Rotterdam.

However, the NU card scheme is not just the name of the Rotterdam pilot project; more than anything, it is the concept of a sustainable incentive system that can be introduced almost anywhere and that has the potential to become the sustainable incentive plan for the Netherlands. As matters stand, the subject is being discussed with the local authorities of a number of municipalities in the Netherlands, and plans are being forged to introduce the NU card scheme there in the near future.

This publication is our report on the development of the NU card scheme in Rotterdam and of the experiences with it to date. We hope that this will contribute to the further development of instruments that will help realize social objectives in a positive manner.

How to read this report

This first chapter sets out the background of the NU card scheme, in relation to broader developments in the field of government policy and marketing. Chapter 2 describes how the NU card scheme works in practice. What the NU card can mean to consumers, small and medium-sized enterprises, and the government is discussed in Chapters 3, 4, and 5, respectively. The results of the demonstration project in Rotterdam are also presented. Chapter 6 discusses the possibilities for increasing the scale of the NU card scheme.

1.2 Government developments

Development of government instruments aimed at sustainability

A habitable world is an impossibility unless we create a system of sustainable production and consumption. This means that consumers must start buying sustainable products more often and manufacturers must start producing more products in accordance with sustainable criteria. Much is being done to achieve this: the availability of sustainable products has increased dramatically and many consumers in the Netherlands are aware of the consequences of consumption. However, it is not happening fast enough; the targets set are not being realized.

The government has an extensive arsenal of legal, financial and social instruments at its disposal with which to encourage sustainable behaviour. Over the last decade, the use of these instruments in the field of environmental policy has greatly changed. In the early 1970s, increased environmental awareness rapidly led to effective environmental policy, consisting mainly of regulations and legislation for industrial polluters. The emphasis was on *end-of-pipe* solutions and a *top-down* approach, starting

from within the government.

In the 1980s, it became more and more apparent that many of the environmental objectives were unattainable without the efforts of civilians and consumers. The government therefore reconsidered the educational and informational activities it had aimed at the general public. Those activities endeavoured to lend depth to environmental policy. The underlying idea was that if civilians became aware of the effect of their actions on the environment, this would lead them to change their behaviour. Evaluations of the informational campaigns revealed that the knowledge of a large number of civilians/consumers about environmental problems had grown, as had the understanding that everyone must participate. However, this process of giving depth to the policy only resulted in changed behaviour in certain aspects.

That is why a two-pronged policy was adopted: in addition to the informational activities, a pricing policy would also be used as an instrument for influencing consumer behaviour. The costs of environmental pollution would have to be reflected in the prices of products. Moreover, the informational activities would be aimed more at tangible behavioural perspectives; for example, clearer environmental labelling on products would make it easier for consumers to make the right choices. However, the implementation of these policies resulted in numerous practical objections. Although a number of concrete steps were taken, such as the introduction of an energy label, the Milieukeurmerk label and duties on fuel and waste, on the whole, the environmental behaviour of civilians/consumers continued to prove difficult to guide.

Changing behaviour by offering incentives

By now, most people are aware of the fact that the environment and sustainability are serious issues. They often also know what they can do to help solve those problems, both as civilians and as consumers. Moreover,

many people say that they are positive about various measures. In practice however, they barely act, if at all. The behaviour of civilians/consumers is much less sustainable than one might expect, based on their knowledge and attitude.

One of the barriers that civilians/consumers encounter in changing their behaviour is that the desired behaviour is often 'punished'. Biological and fair trade products are generally more expensive than their less sustainable counterparts, and are also more difficult to obtain. Many people find this unfair and use it as an argument not to act in a sustainable manner.

The NU savings programme is based on the assumption that it is more effective to approach people in a positive and stimulating way than in a negative and restrictive manner. Rewarding desired behaviour, as often happens in marketing, is one of those incentives.



The NU card scheme uses rewards for sustainable action, taking into account the following assumptions for effective behavioural change:

- The reward must suit the individual.
- Immediate rewards are especially important in teaching people behaviour, regular rewards are especially important in making behaviour become habitual.
- The reward must not be too small, or it will not have any effect.
- Neither must the reward be too great, or the behaviour will depend entirely on the reward, leaving no room for motivation.
- The more visible the reward, the better it works.
- The reward provider must be believable and trusted.

The reward serves as a stimulus to make people stray from their habits, without them having to make conscious choices all the time. People need not even be aware of having switched to a different track.

About motives and contexts of behaviour

by Gert Spaargaren

When the matter of changing behaviour arises in a discussion about environmental policy or sustainable development, it is not easy to take on the part of the optimist. But are we not being too negative about behaviour changes or the absence thereof? All these policy experiments and private initiatives that focus on civilians/consumers really yield so little result?

In my view, matters are not as drastic as they seem, with regard both to policy gains and to the involvement of civilians/consumers. We are slowly but steadily gaining headway, in breadth as well as in depth. In the fields of housing, food and even transport, a much better range of more environmentally friendly alternatives is available than a decade ago, and people are making better use of those alternatives as well. Of course, in 'everyday' environmental policy, just as in international environmental policy, setbacks occur in various areas alongside the breakthroughs. It is just that with everyday matters we seem inclined to magnify the negative experiences and remember them more clearly.

Looking at the results of the consumption study, I believe that two matters are of particular importance with regard to the future of sustainable consumption. Firstly, the modern consumption society must be accepted – even by environmental movements – as the framework within which sustainable development is to be discussed. The professionalization of environmental management must not stop at the gates of the civilian/consumer. The environment can and must be incorporated into our present everyday routines, which can then be accepted as the starting point for realistic policy.

Secondly, we must cease regarding consumer behaviour in too individual a light. Of course behavioural change is a matter to be realized by individuals, but when it concerns the motives behind consumer behaviour, large groups of civilians/consumers display similar motives in areas of everyday life that can be defined quite accurately. We all shop, visit our parents, exercise, cook, do odd jobs around the house, garden, in other words: we all participate in everyday life in the Netherlands right NOW.

Sustainable behaviour can also be stimulated by placing a more sustainable 'tailored range' on the market, taking the motives of the average do-it-yourselfer, shopper or traveller into account, and supporting that range of products with positive instruments. I do not understand why policymakers are sometimes so sceptical about eco labels, or why everything is not being done to sell sustainable products and services. People's hastiness, frugality and even environment-forgetfulness at times and in some areas have to be taken into consideration when developing policy, and not used as an excuse to simply do nothing. After all, we are all just ordinary people.

Gert Spaargaren is professor of Environmental Policy at Wageningen University & Research Centre

1.3 Developments in marketing

Retention and loyalty

It is often said that 20% of the customers are responsible for 80% of the turnover. In an age when consumers are less habit-bound than ever, 'loyalty' is the keyword. That is why businesses are making ever greater efforts

to bind their customers to them. Loyalty programmes whereby regular customers profit more than one-off buyers are appearing all over the place. The Albert Heijn supermarkets, for example, offer price advantages with a Bonus Card, KLM offers quality advantages with Frequent Flyer Miles and Air Miles uses a savings programme to bind customers to a network of businesses. Where once loyalty programmes were distinctive instruments for binding customers, nowadays it is almost the case that firms that do not have a loyalty programme distinguish themselves in a negative way.

Loyalty programmes do not only ensure client retention or repeat purchases. The rapid developments in information technology have given rise to new opportunities to obtain information about customers and their purchasing habits. Businesses in the *fast moving consumer goods* sector are in the forefront of the developments. Using a savings card, shops can easily register each purchase their customers make and use this information to create customer profiles. Smart database links and *Customer Relationship Management (CRM)* then open up endless marketing opportunities.

Technical developments: coupons are replaced by electronic savings cards

The Dutch are the ultimate savers. The idea of gaining some advantage by saving is more important than actually converting the savings into gifts or discounts.

Recent technical developments are making saving easier than ever. The first innovations were barcoding and magnetic strips. Stamps became unnecessary, the scanning of a barcode or a magnetic strip on a card raised the balance of virtual savings stamps in a database. The barcodes or magnetic strips represent nothing more than a customer number to identify the card holder.

The next development was the *smart card* or chip card. This

card contains a chip with the ability to store memory on the card itself. The chip card is more expensive in production, but the hardware system becomes cheaper because the online connection to the database is no longer necessary. The chip remembers simple data such as the card number and the balance; the registering equipment needs only send the data to the central database from time to time. Another advantage of chip cards over barcodes and magnetic strips is that they are easier to protect against abuse and copying.

1.4 The background of the NU card scheme

In various places in the Netherlands in the early 1990s, the idea arose for a sustainable incentive system. Even before the introduction of the electronic Air Miles saving card, Henry Mentink, supported by the Dutch Ministry of Housing, Spatial Planning and the Environment, developed the 'Environment Participation Fund, green card for the environment'.



In 1996, Mentink won the Waste Award of the Province of North Holland. With these funds, he organized a conference that resulted in the National Steering Committee for Incentive Systems for Sustainable Products, chaired by Stichting Milieubewustzijn of 's-Graveland.

This National Steering Committee comprised experienced managers from the government, the business sector, politics, universities and social organizations. The steering committee set itself the objectives of supporting the detailed development of sustainable incentive systems, of safeguarding the social character and of organizing upgrades to the national level. In 1999, with funds made

available by the Dutch Ministry of Housing, Spatial Planning and the Environment, the steering committee studied the various initiatives that existed at the time. This resulted in the report 'Incentive Systems for Sustainable Products; Blueprint for the Future'. The study recommended that support be granted to the Rotterdam incentive initiative. Early in 2001, the steering committee was merged into the new Stichting Duurzame Beloningspas.

Rotterdam demonstration project

During the opening meeting of the Rotterdam Local Agenda 21 in 1998, the idea was born to introduce a sustainable incentive card in Rotterdam. From the start, strong parties supported the enterprise: Rabobank, the RET Transport Authority, the Roteb Sanitation Department, and the Environmental Policy section of the Rotterdam Municipal Authority.

Consultancy firm Barataria had been involved in sustainable savings systems since 1999. The agency took on the secretarial duties of the National Steering Committee for Incentive Systems for Sustainable Product, and at the same time developed the public support and funding for the Rotterdam initiative, which at the time was named PlusPunten. In 2002, Barataria was transformed into Stichting POINTS.

In 2000, the PlusPunten Demonstration Project was launched. The European Commission provided a subsidy as part of the LIFE III environmental programme. The partners in the project were the Rotterdam Municipal Authority (represented by the Environmental Policy section of the Public Works Department, the Roteb Sanitation Department and the RET Transport Authority), the local and national branches of Rabobank, and Barataria. The introduction of NU-Spaarpas onto the market in May 2002 was an important milestone after years of orientation and preparation. The project's demonstration phase ran from May 2002 until October 2003.

1.5 Partners

A public-private collaboration of government and the business sector allows social objectives to be achieved in a commercial manner. The partners in the demonstration project in Rotterdam each have their own aims and complementary qualities that help make the NU card scheme a success.

Rotterdam Municipal Authority: Environmental Policy, RET, Roteb

Three departments of the Rotterdam Municipal Authority participate in the project. The Environmental Policy section of the Public Works Department uses the NU card scheme to raise environmental awareness, to stimulate sustainable behaviour and to support the local economy.

The regional RET Transport Authority encourages NU cardholders to use public transport outside of rush hours by offering day passes as one option for redeeming the NU points. In return, RET played an important role in the promotional activities of the NU card scheme, by offering advertising space in bus shelters and on trams.

Roteb Sanitation Department makes the dumping of separated waste at the civic amenity sites (Milieuparken), lucrative by rewarding such behaviour with savings points. Roteb communicates with every household in Rotterdam and could use its channels for the benefit of the NU card scheme.

Rabobank

The cooperative Rabobank Group places a great deal of emphasis on sustainability. Rabobank Rotterdam used the NU card scheme to enhance its image and to explore the possibilities of introducing a “green” financial product. The NU card scheme was able to make use of Rabobank’s legal expertise and technical experience, and could access

the bank's network of small and medium-sized businesses in Rotterdam and its account holders.



Stichting Points (formerly Barataria)

Barataria, a consultancy firm for financial innovation and sustainable development, developed the concept and headed the project. Halfway during 2003 the agency was transformed into Stichting Points.

Sponsors: European Commission, the Province of South Holland and the Ministry of Housing, Spatial Planning and the Environment

As part of the LIFE III environmental programme, the European Commission granted a one-off subsidy for the duration of the Rotterdam demonstration project.

The Province of South Holland also made a financial contribution to the development of the NU card scheme, in connection with the 'Learning for Sustainability' programme. The Dutch Ministry of Housing, Spatial Planning and the Environment helped ensure that the NU card scheme remained operational for an additional three months at the end of 2003.

