Promoting ESG Awareness
+ Risk Literacy in SMEs

PEARL
Case Study 4

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Case Study Identification

Case Study Title: "ESG in German E-commerce" – sustainability reporting and communication in a small business

Partner Institution: EUEI

Country: Germany

Sector /Industry: E-commerce / Retail

SME Profile: A Berlin-based company sells clothing online. The team consists of 28 people, including sales, warehouse, marketing, and customer service departments. The owner, Anna Müller, wants the company to operate in a more sustainable way – she is introducing eco-friendly packaging, planning carbon-neutral deliveries, and aiming to communicate these actions transparently to customers, but she is not sure how to start or how to integrate them into the brand image.

Company size (micro / small / medium):

Medium

Ownership structure (family-owned, partnership, etc.):

Private, founder-owned

Market scope (local / regional / international):

National (Germany)

2. Relevant PEARL Curriculum Module(s)

*(**Select one primary module and, if relevant, secondary modules:** Module 1 – Introduction to ESG, Module 2 – ESG Onboarding, Vision and Responsibility, Module 3 – ESG Risk Analysis and Materiality Assessment, Module 4 – ESG Strategy and Implementation, Module 5 – Reporting, Communication and Branding, Module 6 – Sustainable Financing and Funding Options for SMEs)*

Primary Module:

Module 5 – Reporting, Communication and Branding

Secondary / Supporting Modules (if any):

3. Learning Purpose of the Case

What ESG challenge, decision, or dilemma does this case illustrate?

The case illustrates the lack of a structured approach to ESG prioritisation and communication in a small e-commerce company. While the company already carries out some sustainability actions, it does not know which are most material for the business and customers, and it lacks the skills to communicate them in a clear, consistent, and brand-aligned way.

Why is this case relevant for SMEs?

Small companies often implement good ESG practices but struggle to communicate them effectively to customers and partners. A simple reporting or communication strategy can help build trust, increase sales, and differentiate the brand in a competitive market.

Which competence gaps (knowledge, skills, attitudes) does it address?

Competence gaps:
Knowledge: lack of understanding of ESG reporting and customer communication
Skills: lack of ability to create ESG communication materials and integrate them into branding
Attitudes: concern about greenwashing and fear of inauthentic communication

4. Case Context and Background

Provide a concise but concrete description of the SME's situation:

(Business model and core activities, ESG maturity level at the start of the case, Regulatory, market, or stakeholder pressure (if any), Key internal constraints (resources, knowledge, resistance, finance)

The SME is a small, family-owned café located in central Copenhagen, employing 12 staff members and operating in the hospitality sector, serving coffee and baked goods to both local residents and tourists. The business model is based on high customer turnover, product freshness, and a strong focus on customer experience, with increasing informal expectations from customers regarding sustainability, including eco-friendly packaging and ethically sourced coffee.At the start of the case, the café has a low ESG maturity level. Sustainability actions are mostly ad hoc and unstructured, without a formal ESG strategy, risk assessment process, or materiality analysis in place. Decisions related to environmental and social issues are reactive rather than planned or data-driven.The café is experiencing growing stakeholder pressure, mainly from customers asking about waste reduction, packaging choices, fair-trade coffee, and working conditions for staff. While there is no direct regulatory pressure specific to ESG reporting at this size, market expectations and reputation risks are becoming increasingly relevant due to its location in a highly competitive urban and tourism-driven environment.Key internal constraints include limited ESG knowledge among staff and management, lack of structured tools for risk assessment, limited time and financial resources typical for a small business, and uncertainty about where to start and which ESG actions should be prioritized.

5. ESG Challenge / Problem Statement

Clearly describe the central ESG-related issue, for example:

(Lack of ESG awareness or strategy, Need for ESG onboarding and internal alignment, ESG risks in the value chain, Materiality prioritisation challenges, ESG reporting and communication difficulties, Financing ESG investments)

Task 1 – Identify ESG actions and customer visibility
List the ESG-related actions the company already implements or plans (e.g. packaging, delivery, materials).
Then:
check which of these actions are **already visible to customers**
identify which actions are **not communicated at all**
suggest 1–2 simple ideas to make existing actions more visible (e.g. website text, packaging note, product page)
Focus: *awareness + visibility, not strategy*

Task 2 – Create simple ESG messaging for customers
Based on the identified actions, create **3 short messages** the company can use in communication.
For each message:
write it in simple customer language (no corporate ESG terms)
link it to a real company action
decide where it could be used (website, product page, packaging, newsletter)
Focus: *turning ESG into simple, usable content*

Task 3 – Improve brand trust through ESG communication
Suggest how the company can use ESG to build customer trust.
Your answer should include:
1 short sentence describing what the company stands for (simple brand statement)

6. Data, Evidence, and Inputs

(Use realistic but simplified data where needed)

- Small online fashion retailer based in Berlin with around 28 employees
- Owner-led company with no formal ESG strategy or reporting system
- Uses recycled cardboard packaging and biodegradable filling materials
- Some suppliers offer more sustainable options, but selection is not systematic
- Carbon-neutral shipping is planned but not yet implemented
- No ESG or sustainability information on product pages, website, or newsletters
- Customer questions about sustainability are increasing (packaging, ethics, CO2 impact)
- Competitors are increasingly communicating ESG topics in their marketing
- Marketing team has limited ESG knowledge and no dedicated ESG specialist
- Strong concern about avoiding greenwashing and making only credible claims
- Growing market expectations for transparency in e-commerce sustainability communication

7. Suggested Tools from the PEARL Toolbox

Indicate which PEARL tools can be applied in this case and how?

- *Industry & Competitor Check (M1)*
- *ESG Team Setup & Responsibilities (M2)*
- *Stakeholder Analysis (Internal & External) (M2)*
- *ESG Materiality Analysis (M3)*
- *PDCA Template for ESG Governance (M4)*
- *Supplier Mapping with Matrix (M4)*
- *ESG Communication Guide for SMEs (M5)*
- *ESG Gap Analysis (M3)*
- *ESG Risk-Opportunity Matrix (M3)*
- *Climate Risk Check for SMEs (M3)*
- *Supply Chain Risk Check (M3)*
- *CO_2 Footprint Overview for SMEs (M4)*
- *Sustainable Finance Options for SMEs (M6)*

8. Suggested Solution – step by step

Task 1 – Identify ESG actions and communication gaps

The company already has several ESG-related actions in place, mainly around packaging and delivery. These include the use of recycled cardboard packaging, biodegradable filling materials, and early-stage plans for carbon-neutral shipping. However, these actions are not currently visible to customers because they are not communicated on the website, product pages, newsletters, or packaging.

The key insight is that the main problem is not the lack of ESG activities, but the lack of visibility and structure in communication. Some ESG actions are strong enough to be communicated, but they are not translated into customer-facing messages.

A simple improvement would be to identify which existing actions are "communication-ready" and match them with customer touchpoints (e.g. product pages or delivery information).

Task 2 – Create simple ESG messaging for customers

Based on the identified actions, the company can create a few clear and simple messages that directly connect ESG activities with customer communication.

For example:

"We use recycled packaging to reduce waste from every order."

"Our deliveries are designed to reduce environmental impact through smarter packaging choices."

"We are working towards carbon-neutral shipping to lower CO2 emissions from online orders."

Each message should be:

short and easy to understand

linked to a real action already taken or in progress

adapted to a specific channel (website, product page, packaging note, newsletter)

The key is consistency and clarity, not complexity or technical ESG language.

Task 3 – Improve brand trust through ESG communication

The company can strengthen customer trust by integrating ESG into its brand identity in a simple and authentic way.

A possible brand statement could be:

"We are an online fashion brand that focuses on responsible choices in packaging and delivery to reduce our environmental impact."

To build trust further, the company should:

communicate only verified and real actions (no vague sustainability claims)

show progress instead of perfection (what is done and what is planned)

include small transparency elements, such as short ESG notes on packaging or product pages

To avoid greenwashing risks, the company should avoid general statements like "we are sustainable" without evidence and instead always link communication to specific actions (e.g. recycled packaging, delivery improvements).

Overall, ESG becomes not a separate topic, but a simple and consistent part of how the brand explains its everyday operations to customers.

9. Expected Learning Outcomes

After working on this case, which KSAs will learners be able to develop?

(Aligned with Related competences (ref.PEARL framework)

Aquaring Entrepreneurial Competences and Green Competences is important, however, the most valuable in this case are Digital Competences.

It will enable to strengthen the digital literacy capacity, thereby developing ability to effectively collect, interpret, and communicate ESG data. It helps to manage ESG risks, engage transparently with stakeholders, and adapt to evolving regulatory requirements in an increasingly digital business world

The key competences that will be absorber here are: Sharing through digital technologies, Collaborating through digital technologies, Developing digital content, Protecting personal data & privacy or Creatively using digital technologies.

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