

What Is a Green Consumer?



AN INTERVIEW WITH:

Jacquelyn Ottman
President and Founder, J. Ottman Consulting
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Jacquelyn Ottman is president and founder of New York-based J. Ottman Consulting. She is also the author of “Green Marketing: Opportunity for Innovation.”

Ms. Ottman’s consulting firm has helped more than 60 of the Fortune 500 companies and many other businesses find competitive advantage through green marketing and eco-innovation.

She sits on the advisory boards of the Centre for Sustainable Design (UK) and the Center for Small Business and the Environment. She is the editor of Sustainable Brands Weekly and the co-chair of the Sustainable Brands conference.

Ms. Ottman spoke with eMarketer about the growth of green consumerism and how retailers are rising to the challenge.

eMarketer: Have people become more interested in buying and researching green products?

Jacquelyn Ottman: Compared with 10 years ago, yes, there’s definitely more interest in green products, and it’s a result of many different things. It could be Obama, but it also could be just greater awareness of climate change. It also could be other things.

You really have to look at it in segments. You could say, “Are people more interested in organic produce? Are they more interested in bottling water on their own and taking it to work or play in an aluminum container that they bought separately?” Yes. Are they more interested in organic now?

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products, but they look at them: Is it sustainably harvested? Is it fair trade? Is it organic? Is it recycled?”

You just can't say "green" in general. Consumers don't buy green in general. They buy specific kinds of green products, but they look at them: Is it sustainably harvested? Is it fair trade? Is it organic? Is it recycled?

eMarketer: What I really wonder is whether consumers are more environmentally conscious now than they were five years ago?

Ms. Ottman: Yes, they are. Maybe by extension, they're more likely to consider a green product now than they would have five years ago.

eMarketer: Have you observed any trends in the way consumers shop for and buy green products?

Ms. Ottman: They're probably using the Internet more. The Internet is a source of information and it's a source of distribution. One of the challenges about green products is identifying them in stores.

Not all products scream at you from the shelf and say, "I am green." They don't have a unique kind of a brand name like "Happy Planet." They don't have eco-labels on them.

So, in order to identify them, consumers often have to rely on the retailers. Whether historically they went to a health food store, now they're going to Whole Foods. They assume when they walk into Whole Foods that the stuff there is going to be green, because the retailer is screening the items for them.

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The big trend in retailing right now is the Internet. The green consumers are buying a lot of green products on the Internet. Another trend is they're going to Wal-Mart, because Wal-Mart and some of the big-box stores are increasingly stocking these kinds of items.

eMarketer: When you say they're going on the Internet, what is it that they're doing on the Internet that they may not have been doing before?

Ms. Ottman: They're going to any number of sites that supply green products. They are Googling the kinds of products they're looking for, and they're going on the Internet to find green products. They're looking on the Internet to find affordable products.

eMarketer: Are they going to sites other than retail sites to find green products?

Ms. Ottman: Yes, they are—places online that have information, like Consumer Reports. There are other sites from various environmental groups.

eMarketer: Do you think consumers are going online not only to identify or find green products, but also to look deeper into retailers' claims to try to determine the veracity of them?

Ms. Ottman: I don't know if they're doing that online. They might if they're consulting Consumer Reports. They may be looking online that way, but I don't know.

It's like if you saw a claim at Home Depot, they might check online to find out whether you'd be able to actually get more information from Home Depot about that claim. A lot of stores now have special Websites, like Office Depot has this, and Staples. [They] each have green Websites now.

eMarketer: I also imagine that people are going online to educate themselves on green issues, to learn more. What does it mean, for instance, for a product to be considered environmentally friendly?

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Ms. Ottman: They're definitely using the Web for finding out about the environmental soundness of various products. Part of that is going to the manufacturers' Websites. We know that consumers are buying products on the strength of the reputations—of perceived environmental reputations of manufacturers.

They're going to the manufacturers' Websites and checking out the claims or they're checking out their reputation. In fact, we know that the [deeply committed] green consumers are very active in terms of going to corporate Websites.

eMarketer: Do you think a more proactive consumer is changing the way that retailers market their green initiatives?

Ms. Ottman: Yes, because consumers are asking about the kinds of information they're looking for at the point-of-sale. They're swaying their purchase habits depending upon the kinds of information they know about the products that are on the shelf.

eMarketer: What is that causing retailers to do?

Ms. Ottman: I think a lot of retailers these days are putting in education programs. They're putting in “shelf-talkers.” I go into my local Food Emporium and half of the products on the shelf have some kind of organic or natural shelf-talker.

eMarketer: If consumers are able to gather more information on the Internet about products, then it's no longer enough for retailers just to say our product is green. They have to go the next level and maybe explain a little bit more about what they mean because consumers are looking a little deeper into those claims.

Ms. Ottman: That's right. You know some retailers are going so far as to put in their own eco-labeling programs, like Home Depot's “Eco Options.”

eMarketer: Do you think there are certain demographic groups that are more interested in buying green products than others?

“The green consumer tends to be educated, upscale, college-educated. They tend to be more female than male, tend to be mothers with small children.”

Ms. Ottman: I know there are. The green consumer tends to be educated, upscale, college-educated. They tend

to be more female than male, tend to be mothers with small children.

eMarketer: How can retailers use the Internet to market their green products or create awareness around their green initiatives?

Ms. Ottman: The good thing about the Internet is that it helps to extend your reach. You know, it's like, if you're a retailer, you have a store on the corner. Only so many people come by. You know the old saying in retailing was "location, location, location."

Now, if you're on the Internet, I mean you don't even have to be green, you can literally be anywhere. You can be everywhere at the same time.

Even though it's very mainstream, the most active green consumers are fairly targeted. The green consumers is really a psychographic rather than a demographic. By being on the Internet, you can find more of the kinds of consumers who are likely to come to your store.

It also means that you have the opportunity to have a much more specific line of merchandise because you'll have the opportunity, literally, to sell to anybody or sell to everybody.

You can streamline your merchandise. You can offer much more specific, niche kinds of items that you can't afford to otherwise sell. I mean, think about it. The Internet offers all kinds of possibilities.

eMarketer: So, you can do more segmenting, more targeting.

Ms. Ottman: Absolutely. You can just sell cloth diapers on the Internet and you'll be able to target a whole broad range of consumers around the whole country.

eMarketer: You mentioned eco-labels, and I understand that there are a lot of eco-labels in use. How can a business rise above the clutter to convince consumers that its particular claims are authentic?

Ms. Ottman: Well, some retailers are doing that by having their own eco-labels.

eMarketer: Does having your own eco-label put a consumer at ease?

Ms. Ottman: It's one strategy. Or, you can work with an outside organization. For example, Lowe's has been very active working with ENERGY STAR. You can bring in other people's eco-labels, too. In fact, the Home Depot Eco Options program is largely based on using established labels from other organizations.

eMarketer: Why do green products generally cost more than nongreen products?

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Ms. Ottman: Green products generally cost more because of a lot of things that are not necessarily related to green. For instance, they might cost more because they're based on new technology and new materials.

There's a question of economy of scale. Green products are new products. A lot of new products are just more

expensive, especially initially.

eMarketer: Maybe in the short term green products cost more, but in the long term they could end up being cheaper.

Ms. Ottman: Yes. You just have to give them time to get established.

eMarketer: What effect do you think the recession is having on consumers' willingness to purchase green products?

Ms. Ottman: So far, I haven't seen a big difference. A lot of the reason why is because there's a lot of green products that are bought because of health reasons. I don't think people compromise on their health in a recession. Green products are not necessarily discretionary items.

If people are buying organic produce for their family, they're still buying the organic produce. The other thing is a lot of green products actually save you money, so they do better in a recession.

eMarketer: What's the future of green marketing? Are there any exciting trends you see, developments coming up over the horizon?

Ms. Ottman: Well, long-term, I hope we're all out of business, because everything would be green. You don't have to highlight the greenness—it would be regulated as green. That's my long-term goal.

Just the way you see nutrition labeling on every kind of food product—we'll see green labeling on every kind of food product. That'll either be voluntary or it will be something that's regulated.