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A World Gone Green

Environmental Awareness Has Not Only Tipped in the Media -- It's Hit Corporate Boardrooms as Well

By [Jim Hanas](#)

Published: June 08, 2007

NEW YORK (AdAge.com) -- Years from now, 2006 will be remembered as the year environmentalism -- and all things green -- pushed into the mainstream. The aftermath of Hurricane Katrina brought the perils of climate change home; the scientific consensus on global warming grew more definite; President Bush warned of our harrowing addiction to fossil fuels; and his former foil, Al Gore, hauled in an Oscar for his environmental exposé, "An Inconvenient Truth."



Environmentally sound: Whether Ben & Jerry's Jerry Greenfield is protesting oil drilling in the Alaskan wildlife refuge or cloned animals, the marketer has a long history as a pioneer in Earth-friendly causes.

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The media, of course, took note.

"The tipping point feels like it's tipped," says C.J. Kettler, a media veteran who launched the multichannel, environmentally conscious media brand Lime in 2005. "When nine magazine covers came out for the month of April in celebration of Earth Day, I felt like everyone had finally recognized what we've been saying for two years."

Perry Goldschein, founder of SRB Marketing -- a New Jersey-based interactive firm that works with "environmentally and socially conscious" marketers, including Ben & Jerry's and Working Assets -- agrees. "A lot of factors converged in the last year," he says. "It's at an inflection point where the growth



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Inconvenient Truth: Marketers' Environmental Claims Need Substance or It's Little More Than Fertilizer

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'Eco Options' Tag Will Appear on 2,500 Items

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['Economist' Makes Amends for Harming Environment](#)

Sixteen-Page 'Green' Section Does Its Part for Global Warming

could be exponential from here."

Chasing the green

This awareness has affected not only newsrooms, however. It's hitting corporate headquarters as well.

"A very profound change has taken place in the boardrooms of some of the largest corporations in the world that has redefined green in

operational terms that go beyond doing the right thing and actually have to do with doing things right from a business perspective," says Don Carli, a senior research fellow at the Institute for Sustainable Communication, a not-for-profit organization that provides environmental consulting.

"There is a business case for sustainable business practices in the supply chain. There is a business case for sustainable practices in a company's operations. And, increasingly, there's even a business case for sustainable branding -- for value propositions in one's branding and marketing and advertising communications."

According to market researcher Mintel, about 12% of the U.S. population can be identified as True Greens, consumers who seek out and regularly buy so-called green products. Another 68% can be classified as Light Greens, consumers who buy green sometimes. "What chief marketing officers are always looking for is touch points with consumers, and this is just a big, big, big touch point that's not being served," says Mintel Research Director David Lockwood. "All the corporate executives that we talk to are extremely convinced that being able to make some sort of strong case about the environment is going to work down to their bottom line."

Gaping void

The opportunities become even more striking, Mr. Lockwood says, when you consider that even True Greens don't buy green all the time. According to Mintel's report, 66% of consumers say they don't buy green more often because of cost, while 49% cite the lack of availability of green products. The number of people who claim to be green consumers or claim to be regularly buying or looking for these products is "much higher than the actual sales," he says. "So that just shows what a huge unmet need there is for companies to step into."

At the same time, today's green customer demands more than one of yesteryear, who might have been willing to pay more for -- and accept less quality from -- a green product. On this point, however, "the research is unequivocal," Mr. Carli says. "About the same percentage of the population that votes for Ralph Nader will pay more than [a] 5% [premium] for an environmentally preferable product. That's the reality."

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BUYING ECO-FRIENDLY

The products most commonly purchased based on green principles fell into these categories



Source: Greenfield Online/Mintel

As Mr. Goldschein observes, "To reach the percentage of the market that you want -- the mass market -- you need to have a product or service that's as least as good as your competitor's. Then, on top of that, the green aspects are the icing on the cake."

Portland-based outdoor outfitter Nau, for example, is built on the idea that business can be a "force for change" -- the company donates 5% of each sale to environmental and humanitarian charities -- but VP-Marketing Ian Yolles says the company isn't "relying on the sustainability story or the green story to sell our product. It is something that we believe is going to be discovered through a deeper process of inquiry and education."

Unseen hand in profit

A company's green story, however, can have a decisive impact on its bottom line. As Mr. Carli says, "The preponderance of a company's market cap is vested in intangible assets such as employee motivation and satisfaction and brand loyalty. Those are the values that are increasingly being linked to these social and environmental aspects of corporate performance."

"Our point of view has always been that we don't really have any choice," says Gary Hirshberg, chairman and president-CEO of Stonyfield Farm, which has a history of environmental initiatives, including the "Creating a Climate for Change" tour of college campuses. "Our gross profit structure really prevents us from doing a lot with advertising, period, and yet our green mission has really always been our [unique selling proposition]. It's been the thing that we can talk about both credibly, effectively, knowledgeably and -- more importantly -- genuinely."

Fairmont Resort Hotels, which has been promoting its environmental mission since 1990, has also incorporated these values into the core of its brand. "It really has become a point for differentiation of us," says Michelle White, Fairmont's director of environmental affairs. "A lot of companies you see sort of getting on the green bandwagon now ... but we were doing this almost 20 years ago."

Confusion

One challenge green marketers -- old and new -- are likely to face as green products and messages become more common is confusion in the marketplace.

"Consumers don't really understand a lot about these issues, and there's a lot of confusion out there," says Jacquelyn Ottman, founder of J. Ottman Consulting and author of "Green Marketing: Opportunity for Innovation."

"One of the things you can definitely predict for the next few years is mass confusion, because where there's a void of government direction ... plus huge demand from consumers ... companies are going to be putting products out there with claims that can't be substantiated," Mintel's Mr. Lockwood adds. "Knowledge is pretty low, but it's on the upswing."

Marketing efforts, meanwhile, have been instrumental in raising such awareness. The logo for the EPA's 15-year-old Energy Star program -- which certifies and promotes energy-efficient consumer products -- is now recognized by 68% of households, according to a 2006 survey; 34% reported seeing a TV commercial about the program, while 24% recalled seeing print ads. According to the EPA, the program cut greenhouse gas emissions by 37 million metric tons last year alone -- the equivalent of taking 25 million cars off the road.

"What's going to mark who's in for the long haul is who's spending the money on education," Mr. Lockwood says. "Not just selling the products but trying to help people make better decisions, because that's where ultimately you get the biggest wins."

How often do you buy green products?

So-called True Greens are still a minority.



Mintel sees consumers falling into three shades of green:

- **True Greens**, who regularly buy green products
- **Light Greens**, who buy green sometimes
- **Nevergreens**, who say they never buy green products, though data show they have bought green at some point

Source: Greenfield Online/Mintel

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