



Five Reasons Not To Have A Green Brand

And Why Those Reasons Are Wrong

By Russ Meyer

Every day another study is published about some aspect of environmental sustainability. As more facts emerge on this quickly evolving topic, many assumptions held by executives about going green are being challenged. Several of the most widespread myths about green brands can be refuted with recent data from Landor's 2009 ImagePower® Green Brands Survey, as well as data from other current research. By continuing to believe in outdated myths, corporate executives are missing opportunities to generate top- and bottom-line growth, competitive advantage, and long-term brand differentiation. With these recent findings, marketers and sustainability champions can break through common myths that may be keeping their companies from developing green brands and becoming green leaders.

Myth 1: There's a limited market for green products.

We've all heard it before: Green products may appeal to Birkenstock-wearing ex-hippie types, but Middle America has little interest in going green. Perhaps the most deeply ingrained belief, this myth is also the most inaccurate. The Green Brands Survey has been tracking consumer perceptions and profiles since 2006 and indicates that there are very few demographic differences in the green consumer across the United States. Whether comparing income, age, education, or geographic location, the green consumer looks surprisingly similar across geographies and is as likely to be found in Dallas, Detroit, or Denver (to say nothing of Qingdao or Mumbai) as in Berkeley or Boston.¹

We do find psychographic differences among consumers interested in buying green products and have used that information to distinguish five simple customer segments. "Green" consumers differ primarily in their regard for green products and their desire to live sustainably—from the Bright Greens (those doing everything they can to have a positive long-term impact on the environment) to the Dull Greens (those making minimal effort to support environmental change). Taken together, the top two segments (Bright Greens and Green-Motivated) comprise almost 50 percent of the U.S. population.²

In addition, the surveys have consistently indicated that this large mainstream U.S. segment is willing to spend more for green products and services. In the 2009 study, almost 50 percent of consumers surveyed said they were planning to spend the same amount or more on green brands in the next 12 months, despite the ongoing global financial crisis. Of those planning to spend more in the coming year, most predicted they would spend between 10 and 30 percent more on green products.³

This sizeable market only increases when we look at its global potential. In the United States and European countries (United Kingdom, France, Germany) surveyed in 2009, between 30 and 40 percent of consumers plan to spend more on green products next year. In the fast-growing economies of Brazil, India, and China, the percentage of consumers indicating they were planning to spend more next year ranged from an astounding 73 to 78 percent.⁴

Undeniably, there is a growing interest in green products in the United States and as much, if not more, interest in green products in countries outside the United States. Questioning whether there is interest in, or a market for, green products is a myth that executives need to retire immediately.

Myth 2: Consumers won't pay a premium for green.

One kernel of truth to this myth is that consumers are generally not willing to pay to "save the planet." Most consumers believe that lofty goal is the purview of governments, NGOs, and large, multinational corporations. So brands that try to appeal to consumers with a "save the world" message are not likely to connect with the average shopper.

Where consumers do feel personally responsible and demonstrate their commitment is in cleaning up their immediate vicinities: towns, neighborhoods, and homes. Because of this, it is not surprising that the study showed the market categories perceived to be greenest were food, home cleaning, and personal care. Consumers also expressed the greatest intent to purchase green products in these categories. So the first step to convincing consumers to buy green products is to craft a story about their tangible benefits rather than claiming an abstract global vision.

**Simpler
experiences
are clear,
beautiful
and useful.**



Another critical component to getting consumers to purchase green products is to demonstrate their relevance—why the product is what the consumer is looking for. In all the countries surveyed this year, we found consumers refusing to compromise—they demanded product value, return for their money, knowledge that the product is coming from an environmentally aware company, and that it works as well as its non-green competitor.

In the past, consumers had to make a conscious trade-off to live a green lifestyle. Green products were often better for the environment but not as efficacious as non-green products. Today, success will go to brands that perform well and are environmentally friendly. There is no need for trade-offs. One need only look at Clorox's \$100 million Green Works brand to see how successful one can be when you get that formula right.⁵

Myth 3: Retailers aren't on board.

We often hear that retailers are holding back companies and brands: companies would be greener if they could be, but retailers aren't on board with being green or selling green products. This myth is easy to dispel for two compelling reasons:

1. Even retailers are increasingly embracing the business advantage of sustainability
2. Retailers want to stock products that consumers want to buy.

A recent survey of retailers by Retail Systems Research and the Retail Industry Leaders Associations found that 48 percent of retailers believe sustainability to be of strategic importance to their enterprises for multiple reasons. Benefits include efficiency gains from limiting energy use and reducing fossil fuel consumption to

significant increases in favorable brand perception, citing “brand image to consumers” and “being responsible to the communities in which they operate” as two examples.⁶ In fact, Walmart’s focus on sustainability over the last few years has raised its profile in the survey. Walmart is now consistently ranked by U.S. consumers near the top of the list of green brands.⁷

Consumers are interested in green products when companies demonstrate concern for the environment and when a product’s performance is worth the cost. In this year’s survey, for the first time among consumers in the United States and Europe we saw an increased concern about the cost of green—buying green products was sometimes seen as “too expensive.”⁸ This is likely due in part to the global economic crisis.

In contrast, the biggest challenge to consumers in the emerging markets of India, China, and Brazil was not price related. Instead, consumers in those countries complained about the lack of selection and availability of green products in their markets.⁹ In all three countries, the desire for green products and services far exceeded their availability (or at least, the perception of their availability). Clearly, retailers can take advantage of consumer demand by increasing the number of green products on shelves.

Myth 4: Being green means more expense with no return.

This is perhaps the most widely held belief and one of the hardest to dispel, but current information suggests putting this myth to rest. Recent benchmarking studies confirm that best-in-class sustainable companies are gaining bottom-line benefits from reductions in energy, facilities, materials, and transportation costs.¹⁰

By finding and exploiting alternatives that are more efficient and ecofriendly, these early movers are gaining both a financial and perceptual advantage over their peers. Increasingly, firms that lag behind their competitors in wringing out inefficiencies in supply and manufacturing chains will be at a disadvantage in the marketplace, and may even be punished for it.

Cost savings and efficiencies are the business benefits that seem to be receiving the most attention during this economic crisis. GE has achieved \$100 million in energy savings from its internal

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greenhouse gas reduction program,¹¹ and Walmart's initiative to reduce packaging by 5 percent by 2015 will save it an estimated \$3 billion in transportation costs.¹² You need only visit the WasteWise Program at the EPA website to find stories from for-profits and nonprofits about saving millions of dollars each year strictly in waste management and reduction.

Sustainability can also provide top-line benefits beyond initial product sales. Data from the Natural Marketing Institute's LOHAS Consumer Trends Database in 2007 indicates that knowing a company is mindful of its impact on the environment and society makes consumers more likely to buy its products and increases loyalty in more than 50 percent of the population.¹³ As far back as 2001, SustainAbility, a strategy consultancy, found a strong correlation between a business' sustainable development and a company's brand and reputation.¹⁴ And analysis of consumer responses from our own 2009 ImagePower Green Brands Survey finds a correlation between a brand's score on "environmentally conscious" and other key brand attributes, such as "offers good value," "is trustworthy," "cares about customers," and "is best in its category." Apparently, being seen as an environmentally conscious company and brand has a halo effect with consumers regarding both the reputation of the company and the brands it markets.¹⁵

Myth 5: Communicating our sustainability efforts exposes us to claims of being greenwashers.

This should be one of the last myths you worry about overturning. Only after tackling the first four do you earn the right to worry about how your green initiatives are shared with the public. Focusing solely on marketing communications without understanding your customers and creating differentiated and relevant products, without partnering with retailers and taking the steps to become a green company—all means you could indeed be accused of greenwashing.

It's a natural tendency in marketing to want to put the best possible spin on a company's activities and products, to get the message out a little ahead of the reality. In the case of green brands and sustainability, that tendency must be resisted. Overstating or enhancing the business reality strictly for marketing purposes will likely expose the brand and the company to charges of greenwashing.

When your sustainability initiatives are well underway and you are ready to start talking about them, one of the first places to do so is with your own employees. A recent Capstrat Public Policy Polling survey indicated that 24 percent of employees knew their companies had made sustainability a top priority in business decisions, but only 17 percent said that their employers frequently talked to them about these efforts.¹⁶ Employees can be a rich source of ideas for improving processes and developing new green products—do not neglect the easy step of enlisting their help by sharing your firm’s goals.

Increasingly, consumers are making the connection between the green products they buy and the actions of the companies who sell them. The 2009 Green Brands Survey confirms this. When asked how important it was that the companies creating green products were also environmentally friendly, consumers overwhelmingly agreed: Seventy-seven percent of U.S., U.K., and German consumers, and 97 percent of Indian and Chinese consumers believe it is important. But we’ve noticed an interesting countertrend—companies and brands are so concerned about being labeled “greenwashers,” they resist communicating anything about their intentions or actions around sustainability.

Clearly, green products will only gain credibility if their companies take steps toward implementing greater sustainability measures—and communicate those efforts to consumers.

Five steps to greening your brand and business

Here are five critical steps for developing your company’s sustainability efforts:

1. Create a plan; set realistic goals.
2. Understand your consumer deeply in order to create green products and services that will be relevant and differentiated.
3. Partner with suppliers and retailers to ensure you can provide a green offer from start to finish.
4. Benchmark your starting point, define clear metrics to measure improvement, and report on successes and failures in achieving your goals.
5. Always market with accuracy, authenticity, and transparency. Assume someone will check your facts.

Consumers are looking for and buying green products in ever-increasing numbers. And companies around the globe are finding they can gain an edge over competitors by developing green products and becoming greener companies. If your company can dispel these five green myths and move toward greening your brand, you too can enjoy business and brand advantages from sustainability.

Footnotes:

1. Cohn & Wolfe, Landor Associates, Penn, Schoen & Berland Associates, "2007 ImagePower Green Brands Survey"
2. See note 1
3. Cohn & Wolfe, Landor Associates, Penn, Schoen & Berland Associates, Esty Partners, "2009 ImagePower Green Brands Survey"
4. See note 3
5. Brad Dorfman, "Clorox Sees Growing Sales from Green Works Line" (18 August 2008)
6. Retail Systems Research, "Real-World Green: The Role of Environmental Savings in Retail" (July 2009)
7. See note 3
8. See note 3
9. See note 3
10. Jhana Senxian and Cindy Jutras, "The ROI for Sustainability: Making the Business Case," The Aberdeen Group (May 2009)
11. GE Reports, "GE Makes \$17 Billion with Ecomagination" (22 October 2008)
12. Andrew L. Shapiro and Noam Ross, "Four Lean, Green Strategies for an Uncertain Economy," Harvard Business Publishing (29 October 2008)
13. Environmental Leader LLC, "The Benefits of Sustainability: Purchase, Loyalty and Influence" (22 January 2008)
14. SustainAbility, "Buried Treasure: Uncovering the Business Case for Corporate Sustainability" (2001)
15. See note 3
16. Capstrat, "Poll Shows Commitment to Sustainability Still Important to Consumers" (24 July 2009).

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