

Greener Products

The Making and
Marketing of
Sustainable Brands

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 CRC Press
Taylor & Francis Group



Agenda

- ▣ Case for Greener Products
- ▣ Case Study for Making Greener Products
- ▣ Marketing Greener Products
- ▣ Best Practices for Making & Marketing
- ▣ Conclusions

The Case for Greener Products



- ▣ Sustainability is being discussed more than ever
- ▣ *Sports Illustrated* and *Fortune*, commercial magazines that had never before covered environmental issues
- ▣ The environment and the world community is under more pressure than ever



The Case for Greener Products



PER CAPITA GARBAGE PRODUCTION

Average pounds Per person Per Day

- ▣ USA 4.6
- ▣ Australia 2.7
- ▣ Japan 2.58
- ▣ Canada 1.79
- ▣ China 0.7
- ▣ Imagin the impact if developing nations generate at USA levels

(Source: the Story of Stuff, Leonard 2010)

The Case for Greener Products



- ▣ Businesses are being held to higher standards than ever
- ▣ Global environmental damage caused by human activity is \$6.6 trillion and about 11 percent of global GDP.
- ▣ **The top 3,000 public companies are responsible for one-third of global environmental damage**

(Source: Environmental Leader 2011)

The Case for Greener Products



Major events that drive greener products

- ▣ Wal-Mart , Tesco and other retailers going green
- ▣ Green building movement
- ▣ Green public procurement (EU & US require it)
- ▣ Social Responsible Investment; Dow Jones Sustainability Index, FTSE4Good
- ▣ Environmental Shareholder resolution
- ▣ Life Cycle Assessment
 - Biggest impacts are usually not production sites
 - Procter & Gamble determined hot water use was the biggest impact for laundry detergent. Cold water detergent results in the biggest impacts



The Case for Greener Products



Walmart Sustainability Goals

- ▣ To produce Zero Waste, be supplied with 100% Renewable Energy, and to sell Sustainable Products

Developing Greener Products

A balancing Act

- ▣ Product Stewardship Regulations
- ▣ Customer demands
- ▣ Managing emerging issues

Emerging Issues



- ▣ **“When you’re explaining – you’re losing.”**
- ▣ **RISK = HAZARD + OUTRAGE**
- ▣ **Perception = Reality**

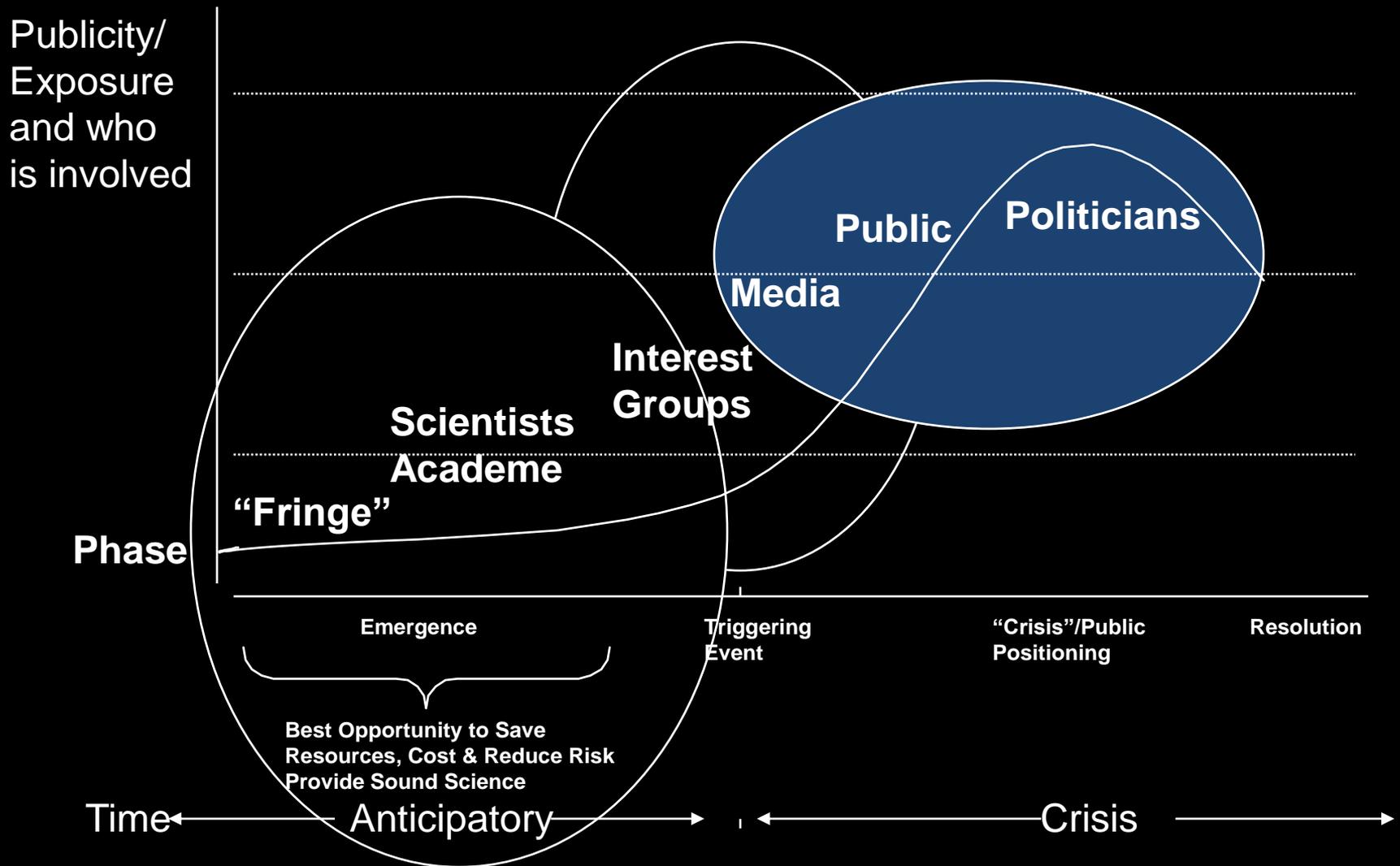
Emerging Issues



Some Current Emerging Issues

- ▣ **Biomonitoring** – finding of trace chemicals in human blood and body fluids
- ▣ **Chemicals of concern** – several individual chemicals being pressured by NGOs as harmful to human health & the environment, e.g. BPA, triclosan, phthalates, DEHP, etc.
- ▣ **Chemical mixtures** – minute concentrations of chemicals in the environment and their collective impact
- ▣ **Climate Change** – impacts of climate change on raw material supplies and other potential business disruption
- ▣ **Endocrine disrupting chemicals (EDCs)** – fate of EDCs in the environment
- ▣ **Nanotechnology** - 1 to 100 nano meters in dimension materials impact on human health and the environment
- ▣ **PPCPs** – trace amount of personal care products and pharmaceuticals found in the environment
- ▣ **Water Scarcity** - availability of safe and secure water supply

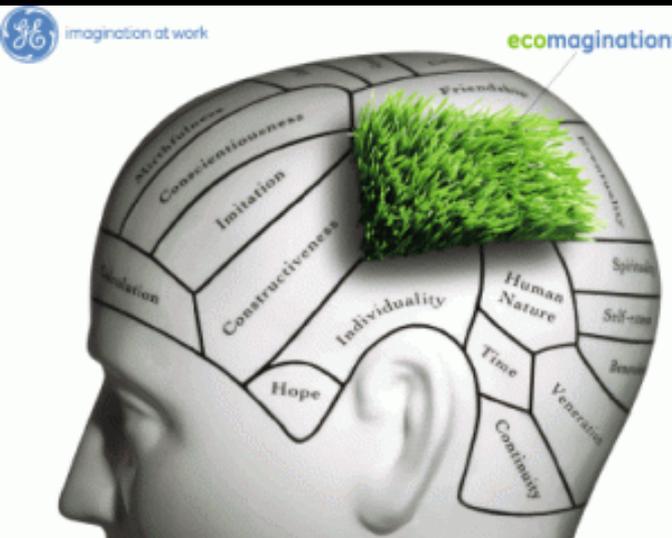
The General Life Cycle of an Issue



GREENER PRODUCT DESIGN EXAMPLES

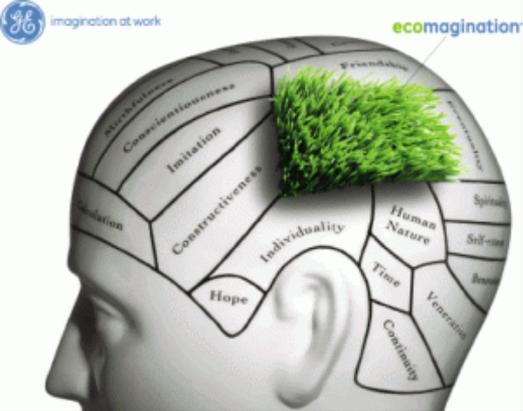
THERE IS NO SUCH THING
AS A GREEN PRODUCT

Greener Product Design Examples



GE Ecomagination™

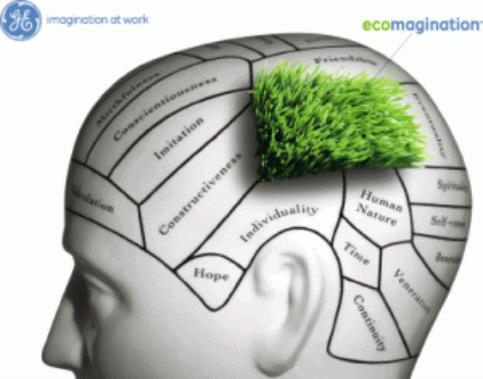
- ▣ Energy use
- ▣ Green house gas emissions
- ▣ Water use
- ▣ Ability to offer financial benefits to their customers



Ecomagination™



- ▣ Significant funding commitments \$1.5 billion in clean technology investment in research and development and committed another \$10 billion for R&D over the next 5 years.
- ▣ Success is measured in dollars. Sales in 2009 were \$18 billion and the goal for 2010 is \$20 billion.



Key Attributes of Ecomagination



- ▣ Represented as a business initiative
- ▣ Strong CEO support
- ▣ Supported with billions of R&D dollars
- ▣ Third party verified
- ▣ Has a review board of external company advisors



Timberland's Green Index®



Green Index® Program Objectives

Intent # 1.

- ▣ Provide designers and developers with a relative measure of a products environmental performance, so that they are empowered to make it better from the start.

Intent # 2

- ▣ Provide consumers with a relative measure of products' environmental impacts to spur more sustainable purchasing. (Timberland 2010)



Timberland's Green Index®





Timberland



Key Attributes of Timberlands Product Stewardship Program

- ▣ Use a label, “Green Index,” to communicate product greenness
- ▣ Use ISO 14040 life cycle assessment management systems
- ▣ Set and report on product stewardship goals
- ▣ Have Earth Keepers line of greener products



Key Aspects to Seventh Generations Program



- ▣ The Company is based on green products: consider the impact of their decisions on the next seven generations
- ▣ Big emphasis on natural ingredients & incorporation of PCR in packaging
- ▣ Use a product score card to drive innovative improvements and continuously green their products
- ▣ Commitment to transparency of all product ingredients

Seventh Generation



Product Scorecard Assessment			Old Dish Liquid	New Dish Liquid
	Human Health	<i>13 factors</i>	6.2	9.0
	Water Quality	<i>3 factors</i>	10.0	10.0
	Air Quality	<i>1 factor</i>	10.0	10.0
	Resource Sustainability	<i>1 factor</i>	8.4	9.5
	Packaging	<i>6 factors</i>	5.6	6.2
	Product Performance	<i>1 factor</i>	4.4	6.5
	Financial Performance	<i>1 factor</i>	5.1	6.0
Final Score		<i>weighted</i>	6.5	7.8

Clorox 2013 Eco Goals



- ❑ Generate one-third of growth from environmental sustainability initiatives (versus 2007 baseline)
- ❑ Reduce the environmental footprint of our operations for each case sold by 10 to 20 percent (versus 2007 baseline)
- ❑ Make sustainability improvements to 25 percent of our product portfolio (versus 2009 baseline)
- ❑ Achieve an environmental stewardship reputation at consumer packaged goods exemplar levels



Unilever's Greener Product Program



- ❑ Company vision includes Sustainability
- ❑ Developed very aggressive long term goals through their Sustainable Living Plan
- ❑ Use life cycle assessments to identify the most meaningful focus areas for product improvements
- ❑ Significant commitment to Sustainable sourcing – short term and long term targets
- ❑ Commitment to educating consumers to reduce their environmental impacts
- ❑ Partner with suppliers to drive sustainable innovations



Unilever's Greener Product Program



Sustainable Sourcing of Agricultural Raw Materials Goal

- ▣ 30% by 2012
- ▣ 50% by 2015
- ▣ 100% by 2020

BASF Product Stewardship Program



- ▣ Committed to product stewardship through participation in the voluntary Global Product Strategy
- ▣ Set goals to do Risk Assessments for each chemical sold in significant quantities (>1 ton / year)
- ▣ Use their own developed Eco-efficiency tool to improve the greenness of their products
- ▣ 3:1 Climate Program aims to maintain a benefit of 3 times less GHG emissions for use of their products compared to GHG to bring them to market

J&J Score Card





earthwards™

moving towards a healthy future



EARTHWARDS™ Development



MATERIALS



PACKAGING



ENERGY



WASTE



WATER



SOCIAL



INNOVATION

The EARTHWARDS™ process has been reviewed by a panel of sustainability experts from government, academia, business, and an environmental NGO.

A proprietary scorecard was developed to evaluate products in seven key categories that we feel have the most potential for environmental and social impacts.

Earning EARTHWARDS™ Recognition

- ▣ Four Step process
 1. Risk & Compliance Assessment
 2. Life Cycle Screen
 3. Make three 10% improvements in the categories
 4. Complete score card and submit to the EARTHWARDS™ Board

EARTHWARDS™ Scorecard

Pre-requisites		Achieved
	Know materials, ingredients in your product	
	Identify and plan to address J&J Watch List materials	
	Know where product and packaging end up after use	
	Know whether agricultural or mined ingredients come from culturally or environmentally sensitive regions	
Complete life cycle screen to <i>identify priority goals</i> for the product (see separate screening questions)		
Goals		
Materials	1 Meet consumer need with less material <i>or</i>	
	2 Use more environmentally preferred material (see list) <i>or</i>	
Packaging	3 Meet consumer need with less packaging <i>or</i>	
	4 Use more environmentally preferred packaging material (see list) <i>or</i>	
Energy	5 Make product more energy efficient in use <i>or</i>	
	6 Make manufacturing or distribution more energy efficient <i>or</i>	
Water	7 Make product more water efficient in use <i>or</i>	
	8 Make manufacturing more water efficient <i>or</i>	
Waste	9 Make product with less waste during manufacturing <i>or</i>	
	10 Recover more product, after use, for reuse or recycling	
Results	Achieved all pre-requisites + three other goals?	

Green Marketing



- ▣ All research is from the Shelton Group unless otherwise stated

Should You Market Green?



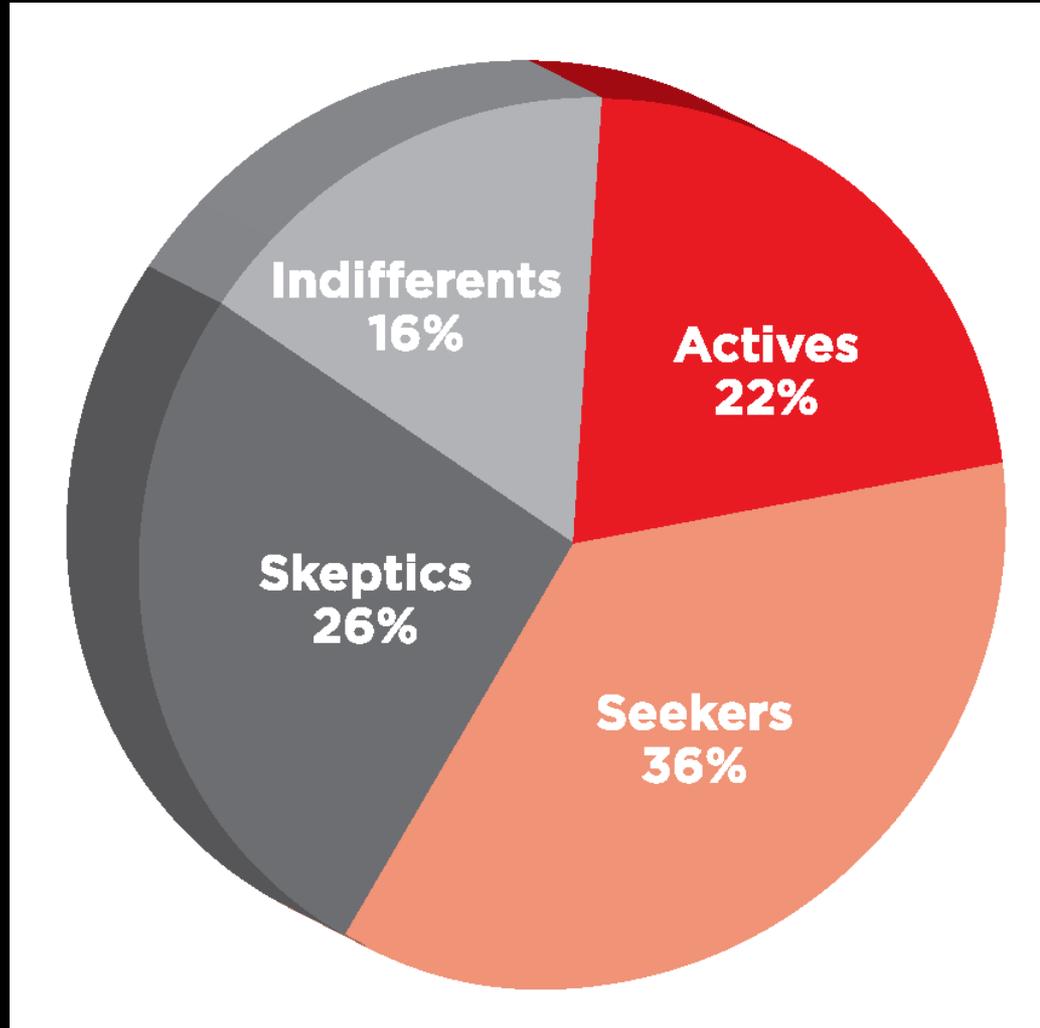
“It’s the number one thing consumers all over the world care about.”

David Compton, CEO PepsiCo Americas Foods
(WSJ 2011)



- ▣ Global data from 26 countries indicates that 86% of consumers were concerned with climate change, 71% said they would avoid buying goods that traveled long distances and further studies indicate that over 50% of consumers “seek out eco-products or consider environmental and social aspects in their purchases.” (Winston 2009)

Market Segments



Source: Shelton Group 2010 Market Data

Green Marketing segmenting consumers



Meet the Actives (22% of the U.S. Population)

- ▣ This group is green in both their beliefs and activities, with 86% reporting that they are actively searching for greener products.
 - 81% of them said they would choose the environment over their personal comfort or convenience (vs. 33% of the overall sample).
 - 86% of them were concerned about chemicals, such as those found in traditional cleaning products (vs. 59% overall).
 - Actives do their research. They read about the ingredients/content/energy savings on the package and research it on the Internet. They also trust third-party certification and third-party endorsement when determining if a product is green.

Green Marketing segmenting consumers



- ▣ **Meet the Seekers (36% of the U.S. Population)**
- ▣ Seekers are the largest segment and are very similar to – and sometimes even stronger than – Actives in their environmental beliefs and attitudes. All of them are seeking to be green but most fall somewhat short with their activities and purchase behaviors. With more limited incomes than the overall population, Seekers often do not have the resources to act on their beliefs by making expensive green purchases.
 - Seekers feel the most personally responsible to change their daily habits and purchase practices to positively impact the environment (68% vs. 51% overall).
 - 69% said a company's environmental record has “somewhat” or “very much” impacted their decision whether or not to buy its products (vs. 45% overall).

Buying green products for very different reasons



- ▣ In the energy-efficient appliance and green home improvement categories, the primary purchase driver is "to save money."
- ▣ All-natural personal care products, consumers chose "to limit my (and my family's) exposure to toxins and chemicals." "preserving natural resources for future generations" is consistently among the top three benefits of buying green in multiple, disparate product categories.

Messaging



- ▣ Actives gravitate toward messages that emphasize environmental harmony and health concerns.
- ▣ They tend to reject messages that focus on saving money, duty and control. When it comes to messaging strategies for **food and beverages**, Actives gravitate toward themes of enlightenment and truth.
- ▣ They believe that natural and organic foods are better than conventional options because they're grown without chemical enhancements.

Messaging



- ▣ Makers of **green household cleaners** may want to consider a message that emphasizes the health benefits of their products over conventional ones. Actives migrated toward messages of control/health and environmental harmony.



Business to Business Green Marketing



- ▣ Life cycle thinking and greening the supply chain initiatives are drivers
- ▣ A Unilever sustainability goal is to increase the amount of sustainably sourced raw materials such as palm oil or tea. (Unilever 2010)
- ▣ Suppliers that can reliably source sustainable tea can help them with this goal and result in an opportunity to increase sales.

B2B Green Marketing



- ▣ Tesco has an 88 page Environmental Guide for Suppliers. With a significant focus on reducing their carbon footprint, they want to encourage their supply base to do the same. A goal was established to become a zero carbon business by 2050 and to reduce carbon emissions by 50% from their distribution net work by 2012.

B2B Green Marketing



- ▣ Walmart, Kaiser Permanente and Procter & Gamble all have score cards to encourage green purchasing
- ▣ P&G and KP have a combined annual purchasing power of \$121 billion! Suppliers take notice when they hear the VP and Chief Procurement Officer of Kaiser Permanente say “green up your act today, lest you lose a huge client tomorrow.”
- ▣ Also consider that P&G alone has 75,000 suppliers throughout the world.

B2B Green Marketing



- ▣ Example score card questions
- ▣ What % of energy consumed is generated from renewable resources?
- ▣ Does the company have a climate action plan with baseline and targets?
- ▣ How many metric tons of hazardous and nonhazardous waste are produced?

Guidelines for Green Marketing



The Boston Center for Corporate Citizenship prescribes five guidelines for green marketing.

- ❑ **Be precise** – Make specific claims that provide quantitative impacts.
- ❑ **Be relevant** – Demonstrate a clear connection between the product or service and the environment.
- ❑ **Be a resource** – Provide additional information for consumers in a place where they want it.
- ❑ **Be consistent** – Don't let marketing images send a signal that contradicts the carefully chosen words and facts you use.
- ❑ **Be realistic** – There are always more environmental improvements that can be made to a product or service, and they are but one piece of a much larger environmental journey for society. The way I would say this is, communicate your products as greenER, not green. (Hollender 2010)

AI's 3 Key's to Green Marketing



- ▣ Have a credible greener product story
- ▣ Meet your customers greener product demands
- ▣ Appropriately communicate the products greener attributes



HONEST TEA

Honest Tea



- ▣ “Honest Tea creates and promotes delicious, truly healthy, organic beverages. We strive to grow with the same honesty we use to craft our products, with sustainability and great taste for all.” A commitment to social responsibility is central to Honest Tea's identity and purpose. The company states that they strive for “authenticity, integrity and purity, in our products and in the way we do business.”



Honest Tea



Their products are based on five key focus areas:

- ▣ Antioxidants
- ▣ Fair Trade
- ▣ Less Sugar
- ▣ Organic Certified
- ▣ Packaging

HONEST TEA®



Real Tea. Real Taste. 11 Calories.

Honest Tea



- ▣ In 2003, Honest Tea became the first to make a Fair Trade Certified™ bottled tea.
- ▣ Sugar and obesity: no sweetener or tad sweet 50 calorie drinks
- ▣ Certified to USDA organic standards

HONEST TEA



Real Tea. Real Taste. IT Tastes.

Honest Tea Messaging to the Health Conscious Consumer



- ▣ Organic products are better for your health and better for the earth. That's why USDA organic certification is a critical part of Honest Tea's commitment to social responsibility.

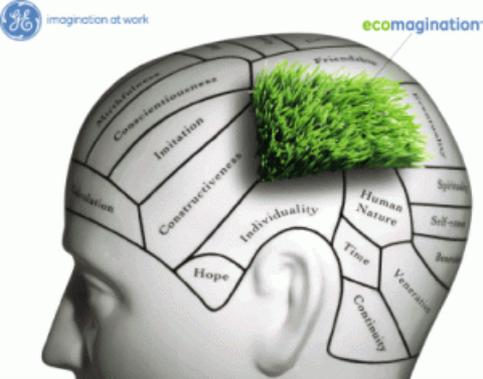


Neutrogena® Naturals messaging



Neutrogena® Naturals Purifying Facial Cleanser Label Messages

- ▣ No harsh chemical sulfates, parabens, petrochemicals, dyes or phthalates
- ▣ Gently removes impurities and improves complexion for fresh, clear skin
- ▣ A cause marketing partnership with the environmental group, the Nature Conservancy, on freshwater projects has been initiated.

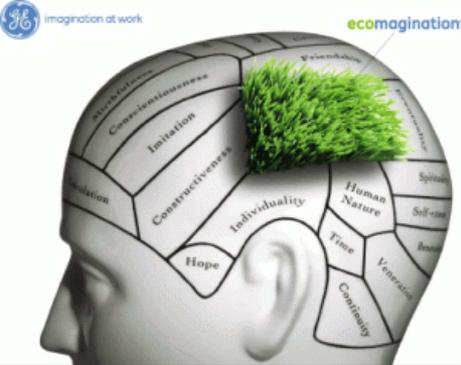


GE Messaging



- ▣ Meeting Customer Demands with Greener Products
- ▣ “Ecomagination is a business initiative to help meet customers’ demand for more energy-efficient products and to drive reliable growth for GE.”

Source: 2009 Ecomagination Annual Report



- ▣ GE has sold 139 windmills to the largest on shore wind farm in Central Europe; the energy generated from these will provide enough electricity for 400,000 homes. (GE 2009)

BASF Use of Certifications



- ▣ Ecoflex® is a biodegradable and compostable plastic. To bolster its eco-friendly credentials, certifications were obtained from the Biodegradable Products Institute in North America, the European Standard EN 13432 on compostability as well as the Japanese standard GreenPla. These standards certify that the product biodegrades swiftly and safely in the environment. (BASF 2010)

Sodexo: largest food service company in the world



- ▣ Seven of the top ten marine fisheries are over fished. Sodexo committed to an industry leading Sustainable Seafood initiative: “100 percent of its contracted fresh and frozen seafood certified as sustainable by the Marine Stewardship Council (MSC) or Best Aquaculture Practices (BAP) by 2015.”
- ▣ NSF Surefish, the only non-government seafood specialist in North America, was partnered with to perform independent, third-party seafood product inspections and auditing services against BAP.

Ecolabels



- ▣ According to the Ecolabel Index, there are currently” 349 seals and certifications for marketing green products worldwide, with 88 used in North America alone.” (Vega 2010)

Most Recognized Eco-labels in the US

- ▣ A study conducted in 2009 by the Natural Marketing Institute indicated that the most identifiable eco-labels in the U.S. are the following (% recognized listed in parenthesis):
 1. Recycled logo (93%)
 2. Energy Star (93%)
 3. USDA Certified Organic (75%)
 4. Fair Trade Certified (44%)
 5. Rainforest Alliance Certified (35%)
 6. Carbon Trust (24%)
 7. LEED Certified (24%)
 8. Green-e (19%)
 9. Marine Stewardship Council (18%)
 10. Sustainable Forestry Initiative (16%)

Most Commonly Used Eco-labels Used by Leading Companies





IBM Smarter Planet



- ▣ U.S., buildings consume a staggering “70% of all electricity, up to 50% of which is wasted.”
- ▣ By using the software Maximo® and partnering with other firms that sell monitoring equipment, IBM provides a service that will significantly minimize these environmental impacts.
- ▣ Smart buildings can reduce energy consumption and CO2 emissions by 50% to 70% by managing the data. Automating building management functions will result in shutting off lights when they are not needed and controlling temperature and water to optimize its use.



IBM Messaging

- ▣ Smarter Planet ads portray IBM as a company' that can help solve the worst environmental problems we face.
- ▣ More than 20 percent of all the shipping containers and more than 25 percent of trucks travel empty. Better logistics can assist in reducing these percentages and thus save fuel and reduce emissions.



Philips

- Improvement categories called Green Focal Areas; energy, packaging, hazardous materials, weight, recycling and disposal and life time reliability used to develop greener products are employed in marketing too.



- A HD9 Ultrasound System lists the following benefits in the Green Focal Areas of energy consumption, product packaging weight, and recyclability. Compared to its predecessor product there is 18% reduced energy consumption and 25% less packaging material weight.

Philips Branded Program



Best Practices



Best Practices for Making Greener Products



- ▣ Top management Support and greener products are part of the business strategy
- ▣ Third party input in developing design criteria
- ▣ Use score cards, focal areas and tools to make it easier for product developers
- ▣ Enterprise-wide goals to augment individual brand improvements
- ▣ Use of life cycle analysis or life cycle thinking to focus on the most important impact areas
- ▣ Transparency of ingredients used in products to build more trust
- ▣ Meet customer requirements by providing end-of-life solutions for products

Best Practices Green Marketing

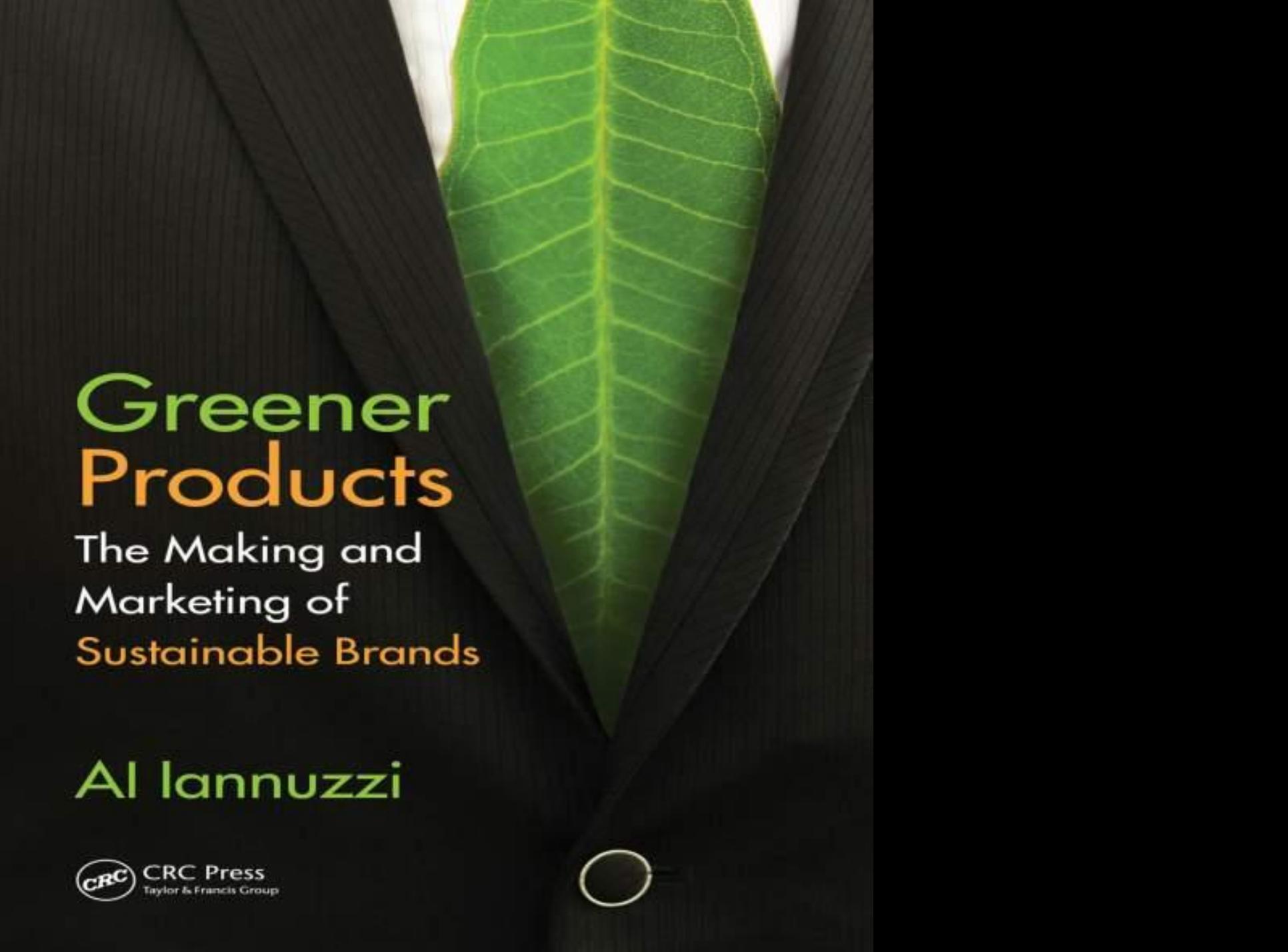


- ❑ Effective communication of greener characteristics to meet customers' needs through reporting environmental benefits using product stewardship focus areas and product profiles.
- ❑ Use of well know respected eco-labels or third party's to endorse products.
- ❑ Company branded greener product lines and internal eco-label like designations.
- ❑ Appropriate cause marketing relationships that have a direct nexus with the brand.
- ❑ Prevent green washing by being authentic and not overstating green product attributes.

Conclusion



- ▣ Both customers and companies can make a difference by what they purchase and sell. Fewer resources can be used, good causes are supported and costs are reduced.
- ▣ When you hit this sweet spot, of having a truly greener product that is communicated in an appropriate way, everyone wins. Customer's needs are met and brand loyalty is built.



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THANK YOU!

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