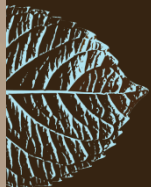




Forces Behind Green Marketing



Forces Behind Green Marketing

Green marketing seeks to harness growing consumer awareness and legislation to create new market opportunities.

Many companies now know the importance of developing a corporate environmental strategy.



Forces Behind Green Marketing

Market Segmentation

The American Marketing Association defines market segmentation as:

the process of subdividing a large homogenous market into identifiable segments having similar needs, similar behaviors or demand characteristics.

Every segment can be reached with a segment-focused marketing strategy.



Forces Behind Green Marketing

Brand

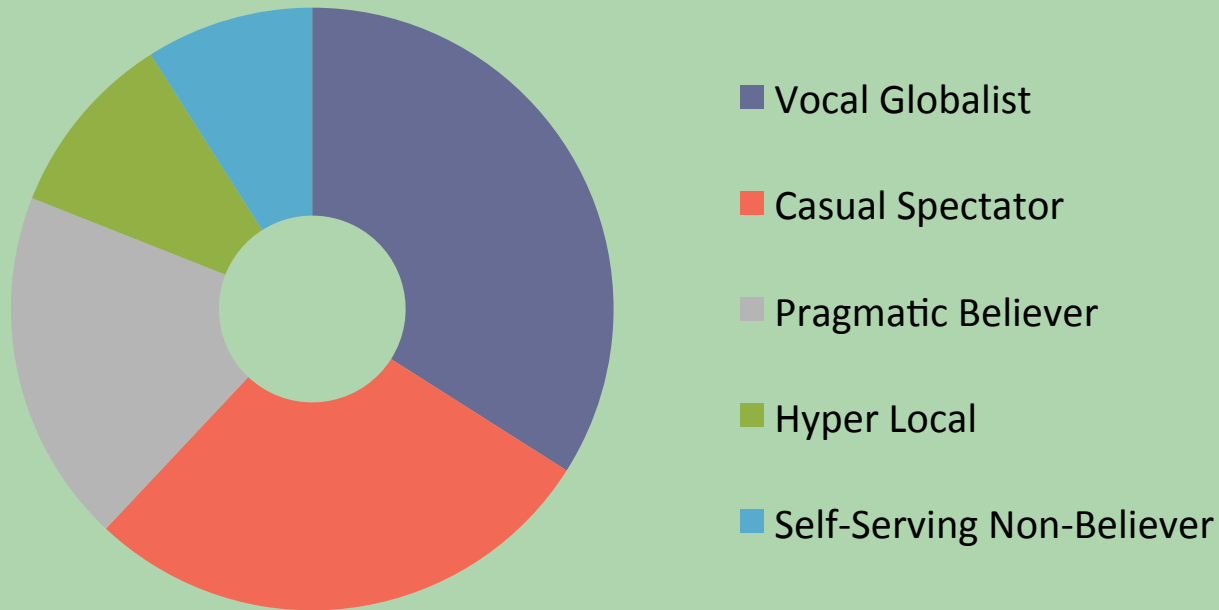
The American Marketing Association defines a brand as:

“a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.”

The Volvo logo consists of the word "VOLVO" in a bold, blue, sans-serif font. A thin yellow horizontal line is positioned directly beneath the text.The logo for The Coca-Cola Company, featuring the words "The Coca-Cola Company" in a white, cursive script font centered on a solid red rectangular background.

Green Market Segmentation

Traditional marketing is rooted in understanding market segmentation. To define market segments, 5000 North American consumers were interviewed on their attitudes about environmental sustainability.*



*Market research by Conscientious Innovation

Market Segmentation by Environmental Concern

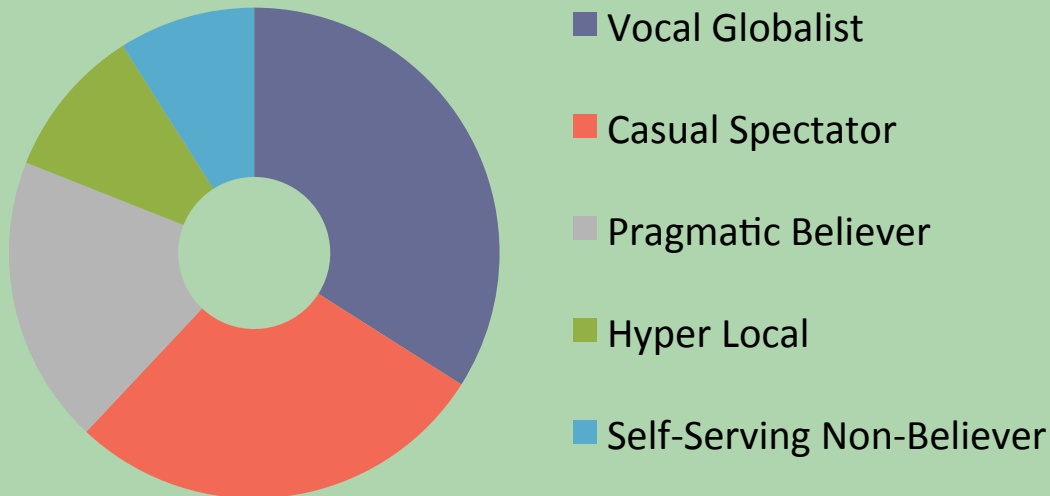
Vocal Globalists (34%) are passionate about social and environmental issues.

Casual Spectators (28%) are not particularly passionate about any issue.

Pragmatic Believers (19 %) are grounded and focused on what they can achieve.

Hyper Locals (10%) are passionate about local.

Self- Serving Non-Believers (9%) care only about issues that directly affect them.



The 34% market segment identified as **Vocal Globalists** represents a significant opportunity.

Management Motivations

Businesses respond to changing consumer attitudes and behaviors, as well as emerging environmental regulations and evolving green market trends. This evolution affects business decisions and company reputations.

This survey shows that the primary motivation for most companies is improving the company image (35% of all respondents).



- Improved Company Image
- Cost Savings
- Competitive Advantage
- Employee Satisfaction & Retention
- Product/Service Innovation
- Other reasons

*Source: The Sustainability Initiative, 2009 ,
BCG and MIT Sloan Management Review

Greenwashing

Greenwashing:

Making claims that lack real merit or misrepresent facts about environmental performance

Greenwashing can damage brand reputation and diminish company profits.

The Federal Trade Commission (FTC) and the International Organization for Standardization (ISO) provide marketers with guidelines for ecolabeling.

The 2010 FTC Green Guide offers guidance.



FTC Guidelines on Green Marketing Claims

We need clearer labeling standards.
 The 2011 *Ecolabel Index* listed more than 400 labels in 25 industries and 250 countries.

The FTC's 2010 Part 260 Guidelines include guidance on use of environmental benefit claims like **degradable**; **compostable**; **recyclable**, **ozone friendly**, **non-toxic**, **renewable materials**, **renewable energy**, and **carbon offsets**.



ISO 14020 Ecolabel Standards

The International Organization for Standardization (ISO 4020) defines global eco-labeling standards, and describes types of ecolabels:

Type I Ecolabel: multi-attribute (multiple impact categories) developed by a third party.







Type II Ecolabel: single attribute (single impact category) developed by a producer.

Type III Ecolabel: based on life cycle assessment with multiple impact categories.

Type I and Type III ecolabels are the most scientifically grounded and credible.

Producer-created (Type II) ecolabels are easier to claim, but face rigorous scrutiny.

*Study by BBMG brand consulting

| | | |
|---|--|-----|
|  | (Recyclable) | 89% |
|  | (Energy Star) | 87% |
|  | (USDA Organic) | 62% |
|  | (Smart Choice) | 45% |
|  | (Green-e) | 21% |
|  | (Whole Trade Guarantee) | 19% |
|  | (Fair Trade Certified) | 18% |
|  | (Rainforest Alliance Certified) | 17% |
|  | (Certified Humane Raised and Handled) | 14% |
|  | (LEED or Green Building Certified) | 12% |
|  | (Cruelty Free/Leaping Bunny Certified) | 11% |
|  | (Marine Stewardship Council Certified) | 11% |
|  | (Forest Stewardship Council Certified) | 6% |

US consumers' recognition of Type I Ecolabels, 2009

Greenwashing and Watchdog Influence

Non-government organizations (NGOs) and watchdog groups assist in sorting fact from fiction.

For consumers, the stakes are high. A study* stated that 95% of all green claims in 2010 contained some form of greenwashing.

Consumers need to keep a skeptical mindset until clearer standards for green product claims are accepted by a host of industries.

* TerraChoice Environmental Marketing, a service group of Underwriters Laboratories



**Percentage of Products
Committing Each Sin (USA)**

| | |
|--------------------------|------------|
| Hidden Trade Off | 73% |
| No Proof | 59% |
| Vagueness | 56% |
| Worshipping False Labels | 24% |
| Irrelevance | 8% |
| Lesser of Two Evils | 4% |
| Fibbing | 0% |

Greenwashing Watchdogs

Industries can be spurred by public pressure. For instance, Greenpeace created the Detox Challenge, pressuring the athletic gear industry to internationally eliminate processes that emit toxic water pollution.

“Bowing to pressure from Greenpeace, Nike promised to eliminate all hazardous chemicals across the entire life cycle of its products by 2020.” Nike’s announcement came after the “Detox Challenge” campaign pressured changes within the industry.

Nike, Adidas, Greenpeace and others partnered to support the sports equipment industry campaign aimed at eliminating particularly toxic substances and enhancing the industry’s image.



Example green marketing strategy: Method™

Method Products sells home cleaning and personal care products. Method's brand philosophy is to be a company with a social mission to do good in the world.

Method considers all aspects of a product's life cycle, going beyond materials and processes. It engages the user to help manage the product in an environmentally responsible manner.

Consumers are also asked to gauge the authenticity in Method's claims. This keeps the company accountable to meeting their stated commitments.



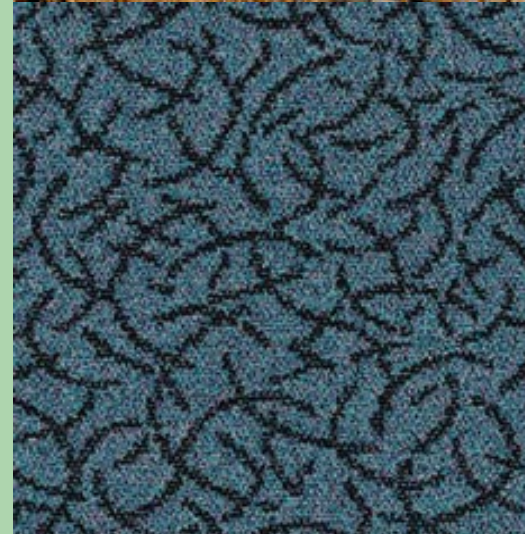
Example green marketing strategy: Interface Carpets

Interface floor covering company founder Ray Anderson (1934-2011) began the drive toward environmental best practices.

Interface's Mission Zero commitment promises to "eliminate any negative impact Interface has on the environment by 2020."

In 2011 Interface announced it would make public Environmental Product Declarations (EPDs) on all of their products.

Interface acts first and makes accurate public statements later, thus establishing their authenticity.



Interface Carpets pursues cutting-edge environmentally friendly product development and marketing programs.

Conclusion: Verifiable Claims

When creating more ecologically responsible products or services, one should be certain to have checks and balances.

These will insure that all claims can be verified using recognized methods, standards, or credible third party verifiers.



Discussion

1

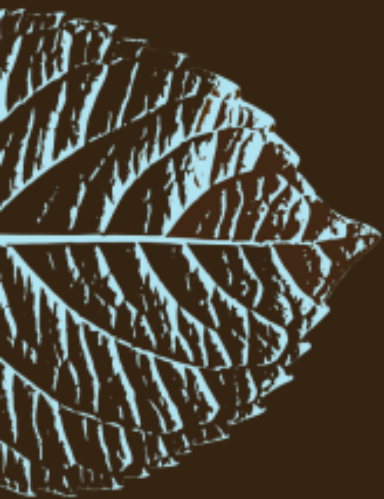
What are the different ways that designers can help product managers and marketers promote the environmental benefits of a product?

Discussion

2

Method and Interface Carpets successfully created brands around their environmental commitments, while Nike and other footwear manufacturers were forced by external watchdog groups to improve their practices.

What differences in these companies created these divergent situations?



Okala Practitioner

Integrating Ecological Design

This presentation is part of an educational presentation series that supports teaching from the *Okala Practitioner* guide.

Okala Practitioner and these presentations were created by the Okala Team to disseminate fact-based knowledge about ecological design to the design disciplines and business.

Unless provided in the presentations, Information sources are found in the *Okala Practitioner* guide.

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The Okala Team initiated the collaboration with the US EPA and the Industrial Designers Society of America (IDSA) in 2003. The team developed *Okala Practitioner* with support from Autodesk, IBM, Eastman Chemical and the IDSA Ecodesign Section.

Okala Practitioner is available through amazon.com.

More information and the free Okala Ecodesign Strategy App can be found at Okala.net.

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