

Building a better world

'Green' has moved from an expensive niche point of principle to money-making marketing advantage. Research World asks eco champion Julia Hailes about the key issues and the opportunities for researchers. By Philippa Anderson



Julia Hailes

Twenty years ago people were talking about 'green' issues, now the buzz word is 'sustainability'. What's changed?

"When I wrote the first Green Consumer Guide with John Elkington in 1988, green issues were emerging onto the corporate agenda. Companies were beginning to be concerned about managing their impact on the environment; for example, by appointing environmental officers. However, the concept of Fairtrade was in its infancy and the broader social dimensions were not yet seen as big issues.

In the 1990s understanding of the inextricable link between environmental, social and economic factors evolved. Corporate responsibility gained momentum; organisations recognised they could no longer focus merely on financial performance but had to consider the 'triple bottom line'. Today, businesses have to take positive actions to make the world a better place for future generations – the focus is on sustainability."

Why does this matter to consumers?

"2006 has been extraordinary in terms of the world waking up to environmental issues in general – and climate change in particular. It has been a real tipping point. A number of things have contributed to this: global communication; broad media coverage (even in *Vanity Fair*); freak weather incidents such as Hurricane Katrina; and leading figures, such as Al Gore, taking a stance.

People are now recognising they have to do something, whereas 20 years ago, such issues were left to campaigning organisations. Consumers, for example, can use their purchasing power. Supermarkets

– from Wal-Mart to Waitrose – are competing head on to prove their environmental credentials and win over savvy consumers. Each week a new initiative is announced – be it biodegradable plastic bags or sourcing fish from sustainable sources."

How are sustainability issues impacting buyer behaviour?

"Buying habits are changing as people become more concerned about shopping ethically. However, consumers are confused because of conflicting messages. For example, 'biodegradable' plastic bags recently introduced by supermarkets have been welcomed by some and criticised by others. Consumers also want to be sure that what the supermarkets are doing is not merely green tokenism. They want to have trust and confidence in retailers as they don't have the time or desire to understand every issue and detail themselves."

Can research help to understand whether consumers will translate good intentions into actions?

"Recognising the growing desire to make a difference, research should explore actions people are taking and identify ways to help make it easier for consumers. Research can look at examples of companies taking the initiative and assess consumer reaction – for example, Marks & Spencer has launched a successful 'behind the label' campaign addressing consumer interest in knowing more about how and where a product is made. BP's recent target neutral initiative, on the other hand, may have made it all feel too easy giving rise to cynicism."

Which sectors lead the way in sustainability, and which countries?

"Leaders include retailers – particularly the supermarkets – as they are in the front line. Detergent and oil companies

are also applying innovative solutions. And there's lots going on in relation to food and farming.

Laggards include the travel and hospitality industries – spanning many issues from lack of energy efficiency in the hotel trade to low recycling rates for glass. Refrigeration and car industries are also slow in making significant change.

The Scandinavian countries are far ahead with Sweden, for example, announcing that by 2020 its economy will no longer be dependent on fossil fuels. Mainland European countries, such as Germany and The Netherlands, are also proactive in a number of areas. China represents the greatest opportunity – because of the scale and rapid growth of middle class consumers."

Are specific segments interested in sustainability?

"Yes, such issues are definitely of more interest to the better educated, wealthier consumer. This is not negative as they act as front runners and can have a huge influence on manufacturers. For example, when EU energy efficiency labels were introduced to rate electrical goods, such as washing machines and cooking appliances, from A* (least energy used) down to G (most energy used) market pressure soon meant G-rated appliances were no longer on the market."

Can market researchers help companies fine-tune their sustainability activities?

"Rather than fine-tuning, researchers can help organisations take a radically different approach. For example, detergent manufacturers can shift to a vision of themselves as cleaning companies in a better world and then focus on how they create value with minimum impact on the environment.

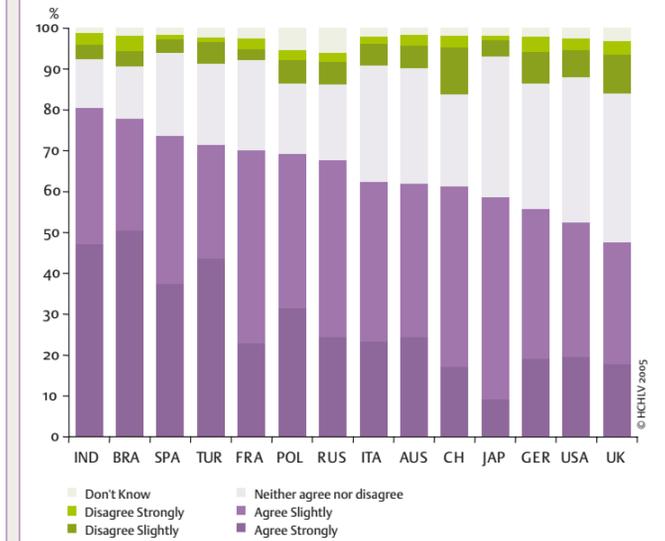
What does research say?

New research by Henley Centre Headlight Vision (www.hchlv.com) indicates that one of 12 key forces driving change in western society is people's desire to make a difference. This is because of affluent consumers who are empowered by information, the socio-environmental impacts of the consumption culture and the growing voice of NGOs, activists and the media.

Consumers across the globe expressed a strong preference for choosing the ethical option when the price of two products is the same.

Ethics will increasingly impact on consumer choice

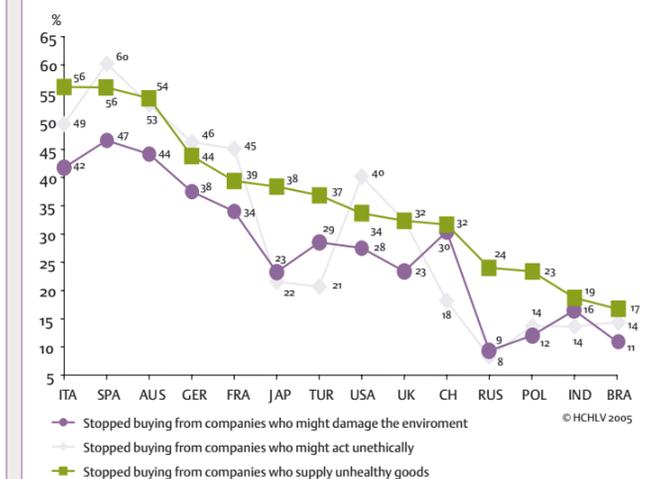
If the price of two products is the same I will always choose the ethical option



When consumers were asked about actions they'd taken to express dissatisfaction, many had stopped buying from those companies they believed did not run their business in a sustainable way.

Consumers are taking action to express dissatisfaction with companies

Which of the following have you done in the last year to express your dissatisfaction?



Innovative and creative solutions can be applied in many different ways – one company, for example, making aircraft tyres was being side-lined by cheaper competition. They switched to charging per landing rather than per tyre, which meant the value and quality of their product was appreciated. Apart from being good for business, this resulted in less waste. We need more of this sort of thinking.”

Do some companies just pay lip service to sustainability?

“Even if companies are only taking small steps at least they have made a start and there will be no going back. Market pressure will force improvement. The power of word of mouth on the internet also means that lip service is soon exposed, for example through websites such as www.mcspotlight.org and www.walmartwatch.com.”

Looking forward – what will be different in 10 years time?

“Right now, organisations are looking for big solutions. But to tackle the issue we should ‘Think big; act small’. In 10 years time we will see small tailored solutions such as domestic wind turbines and decentralised energy with small combined heat and power units. Innovation to find lots of mini solutions creates an unprecedented opportunity for companies around the globe. Worldwide organisations are recognising that corporate responsibility is not merely about principles but is essential for future success - social and environmental innovation is the key.” ■

Julia Hailes MBE is a leading sustainability consultant, opinion former on social, environmental and ethical issues and author of numerous books including the best-selling ‘Green Consumer Guide’ and forthcoming ‘New Green Consumer Guide’, to be published by Simon & Schuster in Spring 2007. (www.juliahailles.com)

“Consumers want more green options”

Marrying environmentalism and consumerism is not about tweaked brands with a ‘green’ label. It’s a totally different approach to products and marketing. That was the view of an expert panel at a special Congress session, facilitated by design journalist Hugh Aldersey-Williams.

‘Green is the new black.’ ‘Green means go.’ Daily media headlines show that environmentalism is more than just a flurry of interest. Organisations not only have a part to play in arresting damage to our planet but can turn the wave of environmentalism to their advantage.

“There has been a strong underlying trend over the last 20 years,” said Rita Clifton, chairman of Interbrand UK. “Events and media pressure now mean consumers want more green options. People want to buy what they believe is right for their family.”

The issues of climate change and limited energy resources are beginning to touch everyone in society. “There is a cost to us all and a growing awakening of conscience”, said David Bickerton, general manager, brand and group communications, BP.

Initially eco-friendly appeared as a middle class obsession. “Inevitably it is the more wealthy who use their buying power to make a difference”, environmentalist Julia Hailes stated. “They can afford to make choices and have had a huge impact, shifting green from niche to mainstream.”

The image of lentil-eating, sandal-wearing ethical consumers is long gone. ‘Mainstream’ means people are now looking to brands they can trust in every respect – from ingredient sourcing through to final disposal of packaging.

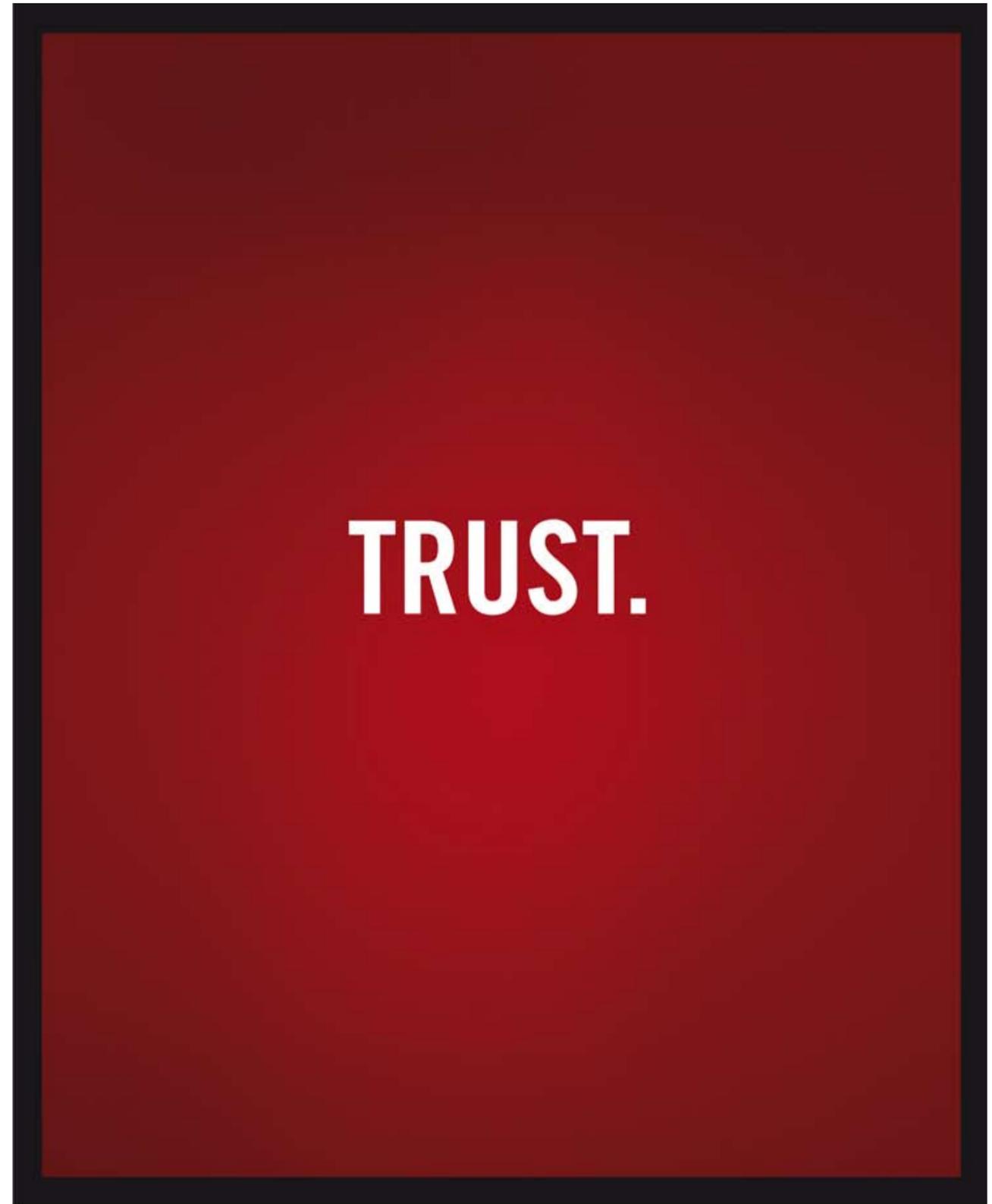
Building trust

Pioneers, like Body Shop, led the way in creating brands with strong ethical connotations. But how do you build trust into the value of an existing brand? Clifton quoted Marks & Spencer as an example. “M & S recognised their brand value comes from quality and trust and this had to include sustainability issues.” The leading British retailer was starting to lose its way but its ethical approach could well be a factor in its highly publicised recovery.

In the past legislation may have been the main driver for environmental improvements. Now it’s the market, according to Hailes. “Companies can out manoeuvre the law but they will change overnight if it means competitive advantage.” She referred to the Toyota Prius hybrid car, as an example of a fuel efficient car which other manufacturers have been forced to follow.

Bickerton comments: “Progressive companies are thinking about how they meet consumer demand and the needs of an evolving society.” Part of the role of major corporations, he believes is to educate consumers and demonstrate what is possible as well as putting solutions into practice. All this will require market research to better understand consumers’ concerns and expectations.

Will brands survive in this new environmental-conscious world? Definitely, according to the panel; brands will be vital as they encourage innovation and competition. However, organisations should beware of making unsubstantiated claims. “Sustainability requires a radically new way of thinking about brands – from cradle to grave”, says Hailes. “Environmentalism and consumerism are compatible if companies start with a vision of a greener world and recognise how they can make a positive contribution. Sustainability is a long term opportunity, not a short term fad.”



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