

## Toward a Better, More Effective Brand of Green Marketing



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### Sustainability and Consumer Behavior

CEOs are getting the message that corporate responsibility is a powerful way to build competitive advantage and brand commitment, and more and more corporations are accelerating efforts to proclaim their values and vision. They're driving do-good messages onto their Web sites, annual reports, and advertising, and with good reason: growing legions of "green" shoppers are a coveted high-value consumer segment that buys more products on each trip, visits stores more regularly, and demonstrates greater levels of brand loyalty.

A 2009 Deloitte Green Shopper Study found that sustainability considerations either drove or influenced the buying decisions of more than half the shoppers interviewed. The study also found that these green shoppers are still on a learning curve. They do not always immediately understand a product's social and environmental benefits and need help at the point of purchase.

While explanations of product benefits can be helpful, the claims that result can be hard to wade through. A Cone LLC and Boston College Center for Corporate Citizenship study, for example, found consumers looking to the government to sort through the increasing barrage of confusing claims, and nearly 60% of consumers interviewed in the Green Gap Survey want to see more government regulation of green claims.



The signs are clear: Companies can expect that changing consumer expectations, newly initiated rating programs launched by retailers, and evolving regulatory requirements will put traditional "light-green" marketing campaigns at risk. At the same time, businesses will face growing social and environmental pressures ranging from human rights demands and employee treatment to global climate change and habitat destruction. Studies consistently confirm that an increasing group of consumers are

aware of and concerned about these issues and are shifting their buying preferences as a result. Yet few companies are ready to address this changing landscape let alone communicate how they intend to deliver ongoing value without further impacting society and the planet whether it's via fair trade, local sourcing, carbon footprint labeling, life cycle analysis, bio-based materials, etc.

### Do-good Efforts Fall Short

The majority of today's cause-related marketing efforts fall short of meeting the demands of this emerging landscape. More often than not, they fail to reflect little more than compliance with existing regulation and embody a dangerously narrow and timid view of what constitutes corporate responsibility.

Toyota, for example, led the way in championing environmentally-responsible driving with its Prius hybrid. But

three years before its current faulty accelerator debacle, the company horrified Prius consumers by joining Detroit automakers to lobby against tougher fuel economy standards. Although the Prius gave Toyota a “green halo,” the Japanese carmaker remained fiercely committed to moving more of its high-impact products, like the Tundra, in order to “beat GM in the big trucks, too,” in the words of the Natural Resources Defense Council’s Deron Lovaas.

The pattern seen in Toyota’s actions is a familiar one. A corporation deputizes a corporate responsibility overseer and sets up a department in which to grow a sustainability initiative. But the efforts that result aren’t allowed to break out of the box and influence decisions across the company let alone affect overall corporate strategy.

As Toyota painfully learned, when sustainability is decoupled from an organization’s everyday decision-making, the company places itself at grave risk of taking a big hit to its reputation when this disconnect is eventually discovered, and it loses a tremendous opportunity to do boost its environmental record.

## Be Authentically Green

Given growing consumer awareness, sustainability will need to become embedded into a corporation’s DNA in order for it to realize meaningful success. Until that happens, companies will have a harder and harder time projecting green images. Though businesses may step up spending on green marketing, they’ll find that do-good marketing campaigns alone are not enough to address changing market demands. Any company that declares itself to be “sustainable” or “green” will need to ensure that it’s genuinely committed to such goals and is holding itself accountable. The best-in-class example of Organic Valley Family of Farms, the nation’s second largest maker of organic dairy products offers an excellent case study.

Based in the tiny hamlet of La Farge, Wisconsin, Organic Valley is organized around a compelling mission: to keep families on their farms. Given that five million independent farmers have been driven off their land by various forces since 1935 and that most of those remain-



ing are fifty-five or older, Organic Valley has dubbed the family farmer “an endangered species.” Its reformist agenda seeks to reverse this devastating trend.

Organic Valley keeps farmers on the land by refusing to compromise when it comes to striking a fair and stable price for its raw materials. Its ability to pay farmers more is due in no small part to the fact that the company is actually a cooperative consisting of more than 1,300 family farms in thirty-two states. “Organic Valley” is merely a brand name for the Cooperative Regions of Organic Producers Pool, which supplies the dairy products, eggs, and meat that the brand markets and distributes.

By harnessing the power of its brand, which represents its commitment to its farmer-owners, Organic Valley has generally had enough clout to demand higher retail pricing that allow it to deliver its preferred farmer “base-pay price” for organics. In fact, over the past twenty years the cooperative has commanded, on average, a 38-percent premium over the prices paid for nonorganic dairy products.

Organic Valley is delivering high business value by championing social reform. It’s higher prices are embraced by consumers who understand that they are buying far more than milk and cheese when they purchase the company’s products. They are also “buying” a sustainable agricultural system that preserves rural landscapes and traditions. This gives consumers a powerful sense of

what makes the company unique and therefore worth supporting economically. The result is impressive sales and strong customer loyalty that allow the company to successfully weather challenging times. Organic Valley's values are its most important asset, and the lesson for other companies is clear: an earnest mission pays the dividends that can make the difference between survival and failure.

Skeptics might wonder if Organic Valley's efforts to put farmers at the forefront of its marketing is simply a ploy to move more milk. Of course, increased sales are the goal of any business, but there's an ocean of difference between marketing efforts that project an ultimately synthetic skin-deep image and those based on genuine deep-seated ideals. And the changes that constantly buffet the economy and society will eventually subject every organization's advertising to a de facto lie detector test.

Organic Valley is no exception. In the spring of 2009, the deep recession took a toll on the demand for organic milk as consumers gravitated toward lower-priced conventional products. Some organic-milk distributors responded to the decline by cutting their base-pay price to farmers, which artificially deflated their retail price and risked putting their vital suppliers out of business.

Organic Valley held firm to its values and mission. Rather than slash its base-pay price or cut its ties to a certain percentage of its suppliers in order to remain viable, the cooperative instead required farmers to reduce their output by 7 percent. By maintaining stable pricing, farmers could still plan ahead and avoid devastating market fluctuations. The move, said Organic Valley chief George Siemon at the time, "best serves our mission to preserve family farms."

### Integrating "Green" Authentically

The experiences of Organic Valley demonstrate that companies succeed when they build and market an authentically "green" brand. In order to gain the vital long term consumer trust that follows, however, this marketing must be based on a true mission of sustainability that's fully

embedded into all business activities and decision-making. A company, to use the well-worn phrase, must walk its talk at all times. Achieving this goal is a process that takes time, and no company has yet attained a completely sin-free state of perfection. Many, however, have begun the journey toward it and have made a commitment to let new higher standards guide their communications.

The Boston College Center for Corporate Citizenship prescribes five guidelines for effective environmental 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.

Another key step companies must take is to ensure that communication programs don't fall prey to greenwashing, the use of environmental marketing claims that are either untrue, misleading, or of little or no real legitimate consequence. Marketers can build a more effective



dialogue with consumers by measuring any proposed claims against Terra Choice's Seven Sins of Greenwashing:

- The Sin of the Hidden Trade-off: A claim that suggests a product is "green" based on a narrow set of attributes without attention to other important environmental issues.
- The Sin of No Proof: A claim that cannot be substantiated by easily accessible supporting information or by reliable third party certification.
- The Sin of Vagueness: A claim that is so poorly defined or broad that its real meaning is likely to be misunderstood by the consumer
- The Sin of Worshipping False Labels: A product that gives the impression of a third-party endorsement where no such endorsement exists.
- The Sin of Irrelevance: A claim that may be truthful but is unimportant or unhelpful for consumers seeking environmentally preferable products

- The Sin of Lesser of Two Evils: A claim that may be true within the product category, but that risks distracting the consumer from the greater environmental impacts of the category as a whole
- The Sin of Fibbing: Environmental claims that are simply false.

## Summing Up

In the coming decades, consumer loyalty and brand reputation will be grown by a business' ability to deliver a credible sustainability proposition that illustrates the ways "green" is not simply a peripheral activity disconnected from daily decision-making but is instead authentically embedded across all corporate practices. The further along a company is on the journey toward such fully integrated sustainability, the greater its competitive advantage will be. Introducing a communications program that honestly reflects these corporate efforts and results, both good and bad, and does not deceive consumers is a good starting point.



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