

Green: A Given, Not a Choice

Featuring:

Janet Pines
Global Chief Insight Officer
Draftfcb

Hi. My name is Janet Pines. I'm Global Chief Insight Officer at Draftfcb and I'm here to talk to you about Green. About nine months ago we were having a conversation with our Global Account Officers about thought leadership and what topics their clients are most interested in hearing about. And by far the most popular topic and the most compelling one for business was Green.

And so we set off on a little journey to find out what we already knew. What was happening in the marketplace and what was likely to be happening in the future. So let me just tell you a little bit about what we know and what seems to be most important starting with the consumer.

I think what's most interesting with the consumer is how large the interest is. I've seen many studies that say over 90% of consumers self-identify as interested in this area. Now some of them will say that they're conscious consumers. Some will say they're socially responsible. Some will say they're environmentally friendly. But in the end, what they mean is they care about the impact of their products on the environment. And it has value to them.

Now there's an opportunity because a lot of them cannot connect that desire with a particular brand or company. But the desire and the need are there. It won't surprise you that most of them are concerned about those things that affect them personally. So the safety of their food, the cleanliness of the water, what their children drink, that's the kind of green interest that is most fundamental. And the thing that gets in the way of them acting upon this need is price. The fear that if it's green it's going to cost me a lot more. And just general availability and accessibility because it is fairly recent that all of these new products have begun to come to the market. And if you think about any set of consumers, there's always a continuum.

So again, several studies, and these are U.S. studies actually, have said that between 10% and 15% of the population are very interested—idealistic—about green in both their values. Probably about 35% to 40% are not interested, but that basically says we have 60% of consumers to work with. And you need to rethink how you think about green. Because when the discussion is more in the context of green, it helps them make even more informed decisions than they have before. They're peeling that onion and finding more and more aspects of the decisions that they're interested in. And I think if you look at the future trends, what you see is that consumers are increasingly interested in brands that provide more meaning. That help them express their political values. That help them express themselves and also safety. And all four of these mega-trends are very much in the whole area of green and sustainability.

All right, enough about those consumers, what about our clients? Well, funny enough, I mean obviously the Global Account leads told me they're very interested. I usually work on three to five clients at a time depending what the need is. And at that point, I was working on Kraft and

Trane and Dow. And all three of them were actively involved in issues around green. Which said to me wow, this is bigger than I thought. And we do also have lots of other clients who are globally renowned. SC Johnson and HP come to mind very quickly.

So green is already important to our clients. But the breadth of involvement with different companies is stunning. There are companies that are still asking why not. And then there are companies like SCJ that are just running forward and doing amazing things. So there are a lot of opportunities.

And I think one of the things we've learned is that every company, whether they want it or not, is going to have a sustainability strategy soon. Because even if they don't choose to be proactive and do it for themselves, eventually they're going to run into someone who they are a supplier of or someone who they need for distribution, who will require them to meet certain standards of sustainability.

So this will probably be across 100% of our clients eventually. And they're nervous about it because there's risk doing it and there's risk not doing it. If you do it poorly, you get outted and that's not good. If you don't do it, you also can get outted as well which Apple learned this summer. So you have to be cautious no matter how you do it. And our opportunity is to help them at the corporate level, whether it's philanthropy or governance or social responsibility. But ultimately, when they start to make money is when it gets to the business unit level. When it gets to the new product level. When it gets to communication the way we do it for them.

I just want to talk about how broad the different companies are that get into this area and how different the motivation is to help you understand why any client might be interested in it. You know, of course, there always is the very altruistic company. And one of the companies we looked at for best practices was Patagonia which was founded to be a green business. And they kind of were the original founder of creating this end-to-end green supply chain. So they helped Wal-Mart get into green apparel.

So you will have those companies that occupy more of a niche. They have more affluent customers, in this case these were outdoor people anyhow so it makes tons of sense. But then you also have companies that are B to B. That are doing it entirely to make money.

General Electric is a great example of that and everyone's familiar with eco imagination. But this actually started as, as a kernel of a thought after 9-11 because they became so fearful of what was going to happen when the price of fuel went up forever at an alarming rate? And how would they run their businesses? And so that began them thinking and it eventually got to green and sustainability and made them realize, my God, we have all this technology that's going to solve all these environmental issues and we can make a lotta money. And so green is green in the care of GE and they're making tens of billions of dollars of new business from it.

The last one I'll give you as an example is Tesco. In the UK, a retailer and I talked to this one because it's B to C and it's also very, very mass. And this is a company that they got interested in using the relationship with their customers to deliver a revolution in green consumption, but you know the altruism turned into great business. It's grown their business tremendously and

what they've been doing is so interesting. It has converted the masses and they've really tackled the issues around information. They're working with Oxford University to be able to create carbon labels on every package in their store. So just like you would compare nutritional or price, you can now compare carbon impact and start to make smart purchase decisions. And you can imagine how difficult that is.

So finally, I'll just end with -- what's in it for us? Why, why do we care about this? And I guess we know a lot already about this. As I said many of our clients are leaders. Many of them are in the middle and many of them are probably at the tail end. But the opportunity is to learn from our clients who are already doing a great job. And really cross-pollinate and teach the rest of our client base how to get into sustainability. How to do it in the best practice manner. How they can make more money by being green. And how we can make more money helping them be green.

So that's a beginning. You'll be hearing a lot more about this and thank you for listening.