

## **SMSBF Sept 15, 2011 Meeting Minutes**

### **Presentation:**

#### **Green Marketing – Accelerating the Pace of Adoption Of Eco-Friendly Innovation**

The meeting started with a welcome to participants by Dan Jacobs, and self-introductions by the attendees. Rebecca Head, one of the Founding Members, provided a brief history of SMSBF. SMSBF was working with the EPA to identify environmental concerns. Bill Stough and Rebecca Head were able to submit a cooperative agreement to access funding through the EPA and Washtenaw County. The mission of the organization was to leverage the business community in the sustainability effort. Early members primarily represented manufacturing, but over the years other business sectors have gained interest and membership today has a wider representation across industries.

Dan introduced our key presenter – Phil Roos, of Rooster Works LLC. provided the following bio:

#### **Presenter:**

Phil is an expert on innovation and branding, a successful entrepreneur, advisor to a number of not-for-profit as well as publicly traded organizations, and is an active advocate for environmentally sustainable economic development and health and wellness. He was the Managing Director of GfK Strategic Innovation, the practice area formed by the acquisition of Arbor Strategy Group (ASG). Phil founded ASG in 1998, creating a consultancy with recognized expertise in strategic brand innovation, creative ideation, concept development and delivering actionable growth strategies.

Phil has extensive consulting experience across consumer products, retail/food service, finance, healthcare, and technology. He also has significant client-side experience, holding various senior line-management positions within the consumer products industry. Phil earned a BBA from the University of Michigan and a MBA from Harvard. He is also a Certified Public Accountant.

#### **Presentation:**

We want to encourage green adoption, but need to keep in mind fundamental human motivation. There is a need to ground this in more basic human needs, especially when considering the mass markets as opposed to the early adopters.

New Product Works has largest collection of new products, representing consumer goods. The collection emphasizes new and innovative products. The first step was to set up a structure to track innovative products. From this, a fairly predictable set of patterns can be deduced to show how adoption of new products happens.

Adoption of new messages follows Maslow's Hierarchy of Needs. Lower-order needs come first, familiarity breeds adoption. We can plot successful innovation over time, using Roger's Theory of Diffusion of Innovation.

1. Lower order needs come first
2. Build on a familiar concept or product that already exists.

**In mass markets, "true innovation" usually fails. Innovation is more likely to succeed if it builds familiarity.**

## **Drivers of Green Adoption:**

### **Drivers for Manufacturers/Marketers**

- Control costs, supply chain
- Competition
- Changing customer needs
- Regulation
- Corporate Image

Levels of Consumer "Green-ness"

Think in terms of segments.

Outer circle (Disinterested) ---**Middle circle (Conscious, Conflicted)**----Inner Core (those who incorporate this into every purchase decision, high level of commitment.)

Target is the middle circle, the Conscious and Conflicted.

Most people would like to "do the right thing" but perhaps are skeptical, may have other needs. This is the group you need to target for mass adoption.

Example drawn from Organic Food research and focus groups:

1. Address Immediate Personal / Family Health Issue – Most basic need. Led to step 2.
2. Protect Family from Future Harm (e.g., hormones, chemicals). then leads to step 3.
3. Enjoy Better Tasting Food Next, people realize broader implications of their choices; consider implications of their choices on broader society. Leads to step 4.
4. Do My Part to Save Planet

Main Point is that if you have a higher price point, you need to somehow cue folks that your product meets lower-order needs.

### **When and Why do Consumers Buy Green?**

Example: reducing energy consumption reduces bill.

Example: Clorox Green Works Cleaning product is healthier (plant-based! natural!) than non-green similar product. Message on packaging implies “personal safety” + “it works” Name includes “works.” Brand “Clorox” is on package implying efficacy. Picture of small child, looks safe.

**Important to describe how product works in familiar language.** “Natural and plant-based.”

Example: Horizon Organics implies child health benefits. Pictures of kids, babies, families, DHA-Omega 3 advertisements, soccer sponsorships.

Eco-Labels such as Energy Star, Certified Organic are also grounded in basic needs.

Less-good examples:

Fair Trade (what’s in it for me?)

Cage-Free (how does that translate to product?)

### **Role of Category Evolution:**

Cereal category did a good job linking “natural” and “health” as far back as the 1970’s.

Toothpaste in the late 2000’s changed so that natural toothpaste claims have started to escalate, now claim advanced levels of health from use. Because of toothpaste change, “natural tooth-whitening” products are becoming more common.

### **Comments on Greenwashing:**

Example: McDonald’s changed their red portion of the sign to green in Europe.

- Positive benefit is that it creates a positive image for green products.  
However, green claims alone don’t sell a product. Early adopters very savvy.  
Conscious/conflicted are generally skeptical, but looking for credibility and proof.
- FTC can prosecute false claims, but screen easy to penetrate.
- Independent organizations are working to fill the void by setting standards and highlighting offenders.

### **Implications for Marketers:**

- For Early Adopters, green labels messages can help drive interest toward product and break ties to old products.
- Peer pressure and image can play roles.

**To Accelerate Mass Adoption of Green Messages, Brands...**

- Clearly define meaning
- Identify lower-order needs product addresses,
  - Personal health
  - Safety
  - Financial savings

The meeting adjourned at 10:00 a.m.