



grail research
a division of Integreon

The Green Revolution

September 2009



Study Objectives

Our “Green Revolution” study is intended to help companies improve their communication strategy and effectively influence the shopping behaviors of their green consumers



The objectives of this study were the following:

- 1. Determine the extent and depth of consumer commitment to green shopping and whether or not it should be considered a temporary fad**
- 2. Identify any differences between ‘light’ and ‘dark green’ consumers in terms of behaviors, attitudes and demographics**
- 3. Understand what drives consumers to purchase green vs. conventional products**
- 4. Identify the key attributes of green products considered important in each category**
- 5. Assess the effectiveness of companies’ communication strategies around their sustainable activities**
- 6. Understand the impact of the current economic recession on the purchase of green products**

Note: The study is based on a survey of 520 US green consumers conducted in June 2009. Target individuals include respondents between the ages of 18- 65 years old, who are aware of green products and who have purchased green products in the past

Implications for Companies

Our report highlights six important insights that will help consumer companies succeed in the 'Green Revolution'



Green Is Here to Stay

If you are not playing in the green space, you are competing against it. Either fold it into your strategy or have a clear competitive advantage over green competition

All Green Consumers Are Not Created Equal

Know your customer. Different 'shades' of green consumers mean different demographics, behaviors, and segmentation plans

Being Green ≠ Success

Being green is not enough. Consumers expect companies to have green products that are superior or at least on par with conventional products

Different Product Categories = Different Green Attributes

There is no "one size fits all" green product strategy. Companies need to align green attributes to the product category

Green Consumers Are Listening...But You Are Not Being Heard

Companies' green initiatives do influence consumer purchasing behavior – but only when communicated through the right channels

Recessions Affect Green, But Don't Trump It

Less money doesn't necessarily mean less green. Consumers continue to buy (and switch to) green, even in a recession.

Key Findings

1 Green Is Here to Stay

- 85% of US consumers have bought green products and nearly all of them will not revert their course. However, only 8% of consumers choose to buy green products for the majority of their purchases (the 'dark green' consumers)
- Of the few people who have never purchased green products, 67% have considered making a shift
- Price is the main reason consumers choose not to buy green products

2 All Green Consumers Are Not Created Equal

- 'Dark green' consumers are more committed and proactive when buying green, have a better understanding of what green means, and are more driven by environmental and health concerns
- For 'light green' consumers, the decision to first buy green is driven mostly by curiosity
- While both 'light' and 'dark green' consumers tend to be married women with no children, 'dark green' consumers are more likely to be older, more educated and more affluent than 'light green' consumers

3 Being Green ≠ Success

- While green benefits are important factors in green consumers' decision process, a product being green does not provide them the 'green light' to purchase – the product needs to be superior or at least on par with its conventional counterpart to be considered
 - When at the store, 41% of green consumers compare green and conventional products along dimensions such as safety (72%), health (70%) and quality (66%)

4 Different Product Categories = Different Green Attributes

- There is no single green attribute that drives the purchase of all green products. Each product category has a specific green feature that is the most critical for consumers when deciding to make a purchase in that category
- Recyclable product packaging is the only green feature that is considered important for multiple product categories

5 Green Consumers Are Listening...But You Are Not Being Heard

- 93% of consumers feel that a company being green is important to their purchase decision
- However, most respondents are either not aware or cannot recollect the green initiatives of companies that are leading the green revolution
- Important sustainable initiatives, such as reducing water usage, are not perceived as green practices by most consumers

6 Recessions Affect Green, But Don't Trump It

- Almost two-thirds of consumers have changed their green purchase behavior in response to the recession
- However, the vast majority of these people have not abandoned the category; they have either switched to less expensive green products or cut back on their usage of green products

Perception of Green Products

Consumers think of green products as those that minimize the impact on the environment (e.g., energy-efficient, recyclable, natural or organic)

Overall Green Associations (n = 520)

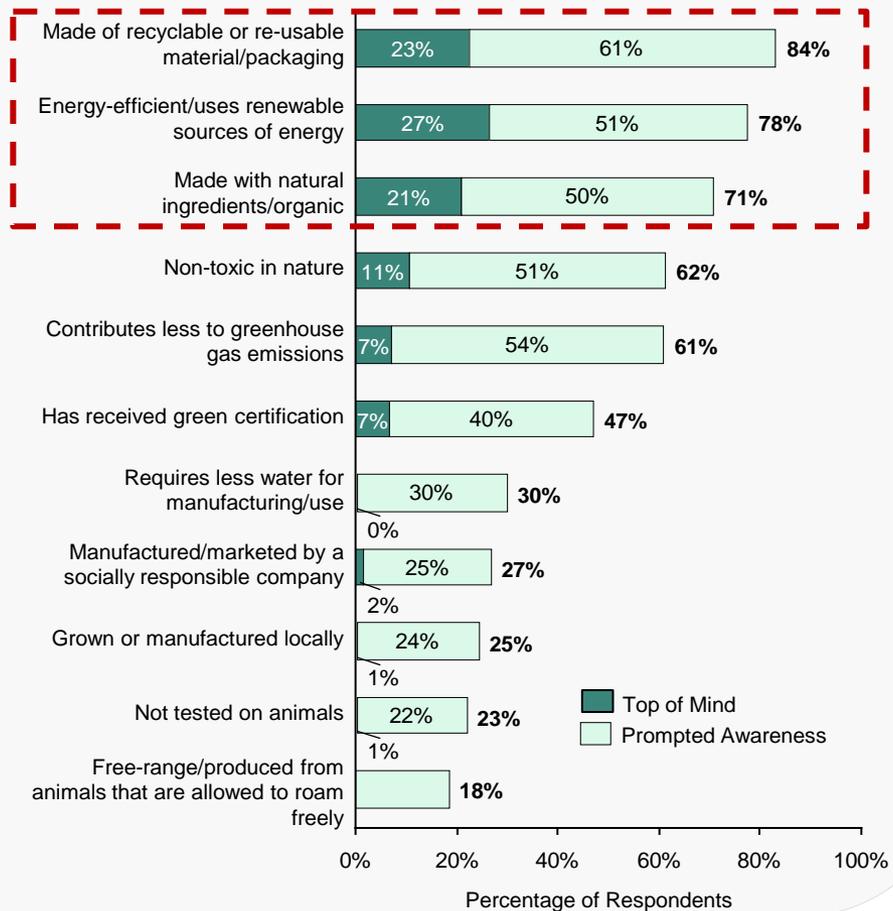


Although the majority of consumers refer to green products as those that minimize the impact on the environment, about one quarter also consider products to be green when offered by a socially responsible company

Only 30% of consumers consider reducing water usage to be a green practice



A significantly higher proportion of consumers in the 36–45 age range (74%) associate green products with natural/organic ingredients, as compared to 18–35 (61%) and 46–65 year olds (58%)



S3: What is the first thing that comes to your mind when you think of a green product?

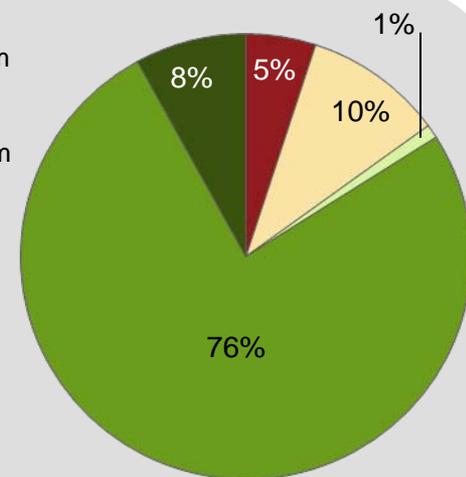
S4: What other things come to your mind when you think of a green product? Please select from the list. (Multiple responses accepted)

Intensity of Green Behavior

Based on the extent of green product purchases, the vast majority of green consumers fall into two categories, 'light green' and 'dark green'

Overall Purchase Behavior (n = 611)

Non-Green Consumers	Non Considerers	I understand what green products are but have never considered buying them
	Green Considerers	I have considered buying green products but have never actually bought them
Green Consumers	Former Green	I used to buy green products earlier, but have NOT bought them recently
	Light Green	Some of the products I currently buy are green
	Dark Green¹	Most of the products I currently buy are green



Green is mainstream (76% of consumers currently purchase some green products), and sticky (only 1% of consumers who bought green products at one point in time have stopped buying them) but not yet very deep (only 8% of consumers buy green products for the majority of their purchases)



Note:¹ This is a combination of two groups: Most of the products I currently buy are green and I buy *only* green products

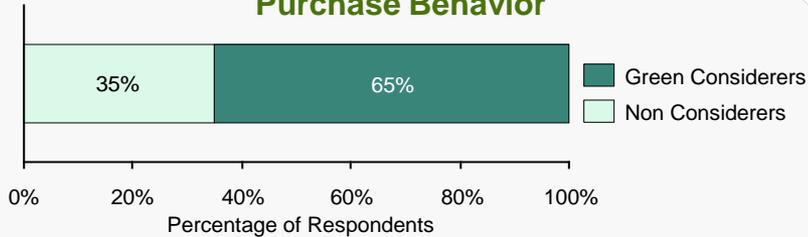
S5: Please select the option that best describes your purchase behavior of green products. Consider only those green items purchased by you or by someone in your household.

Non-Green Consumers

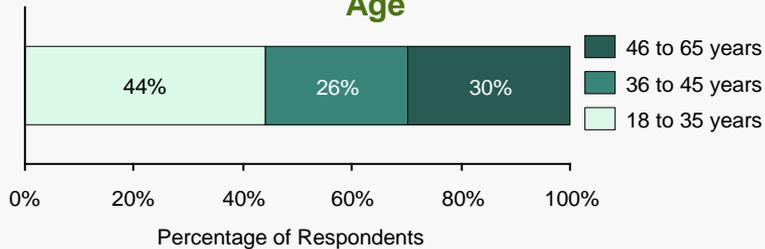
Consumers who never bought green products are deterred from purchasing them because they are perceived to be too expensive

Non-Green Consumers (n = 91)

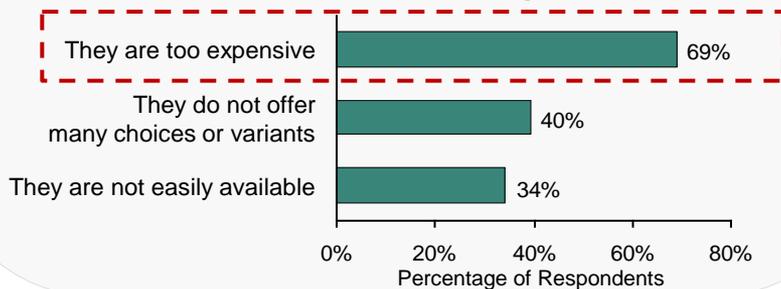
Purchase Behavior



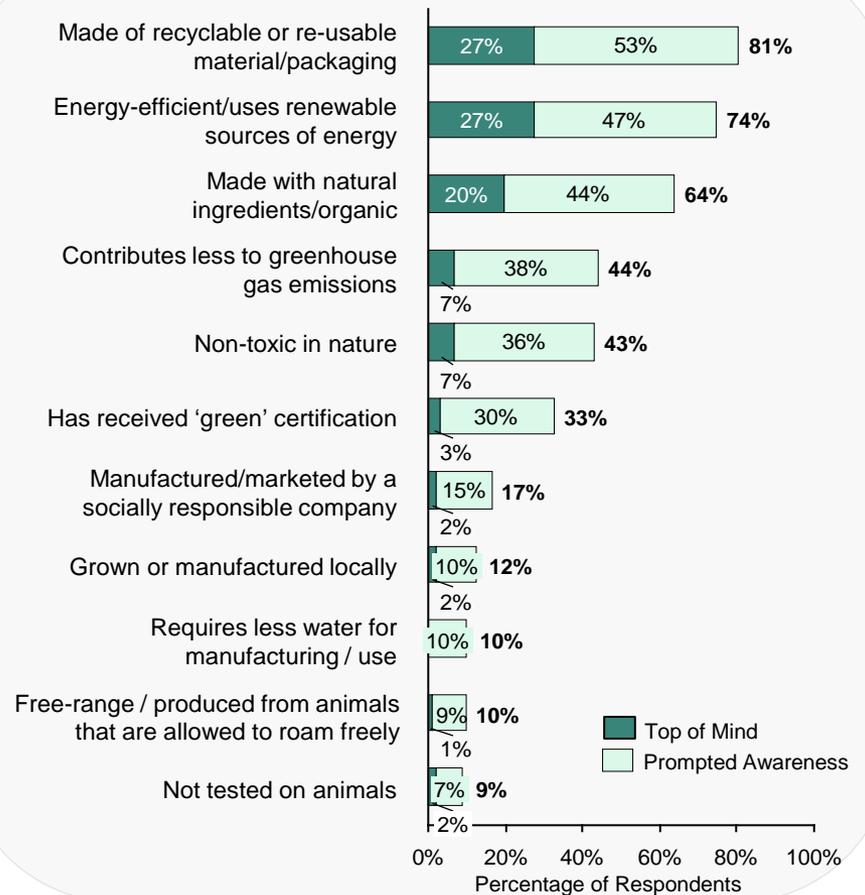
Age



Top 3 Reasons – Not Considering Green Products



Green Associations



S2: How old are you?

S3: What is the first thing that comes to your mind when you think of a green product?

S4: What other things come to your mind when you think of a green product? Please select from the list. (Multiple responses accepted)

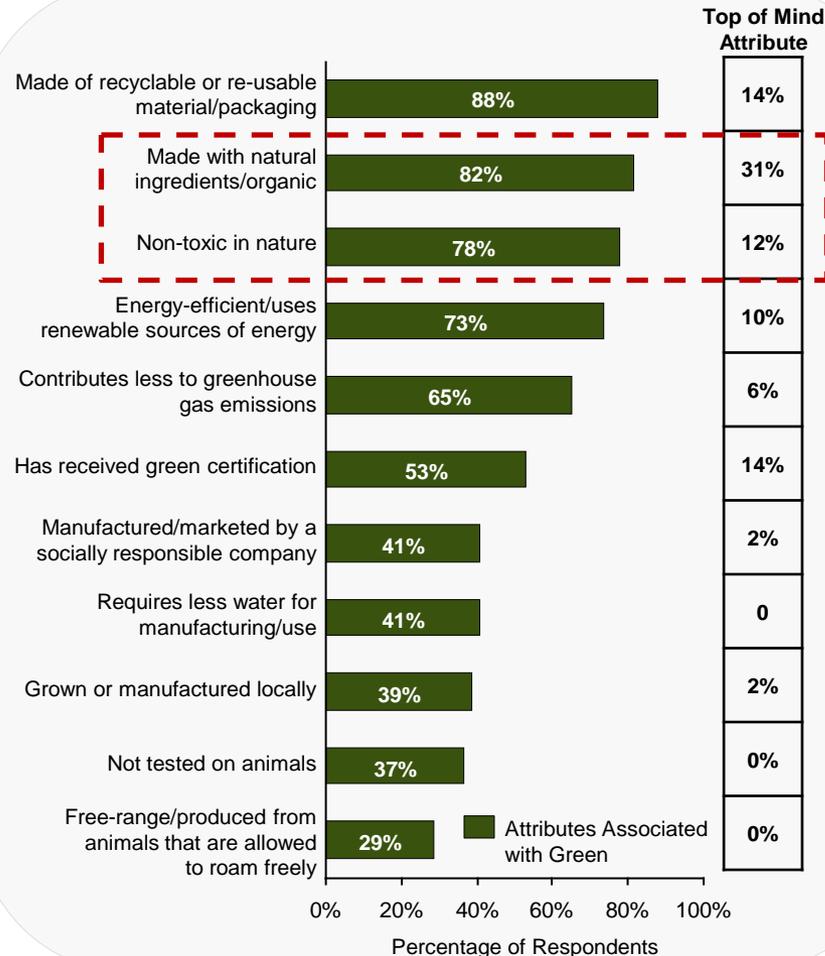
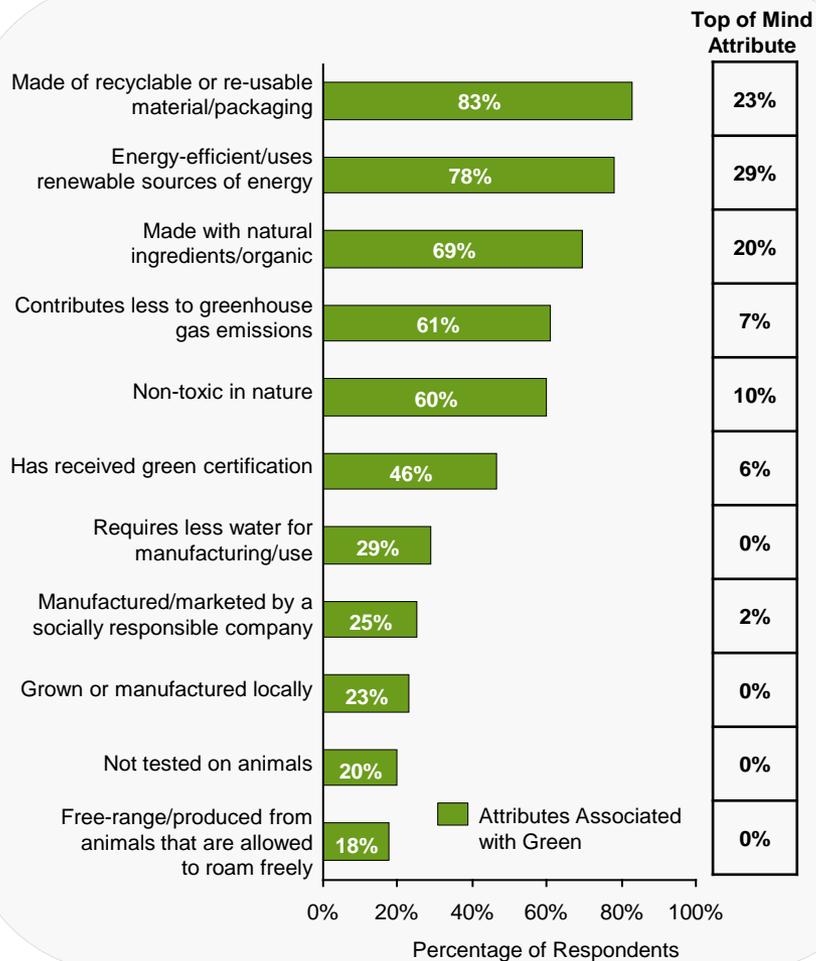
S5: Please select the option that best describes your purchase behavior of green products. Consider only those green items purchased by you or by someone in your household.

Green Consumers – Perception of Green Products

‘Dark green’ consumers care more about what is in products (e.g., made with natural, organic, or non-toxic ingredients) than ‘light green’ consumers

Light Green (n = 462)

Dark Green (n = 49)



S3: What is the first thing that comes to your mind when you think of a green product?

S4: What other things come to your mind when you think of a green product? Please select from the list. (Multiple responses accepted)

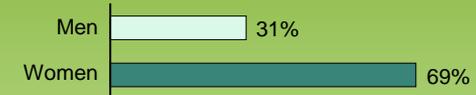
Green Consumers – Demographic Profile

'Dark green' consumers are likely to be older, more educated and affluent than 'light green' consumers

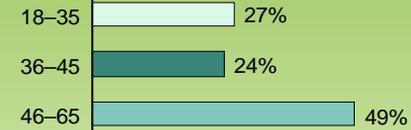
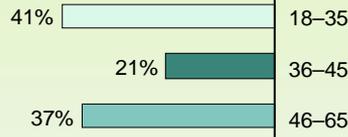
Light Green (n = 462)

Dark Green (n = 49)

GENDER



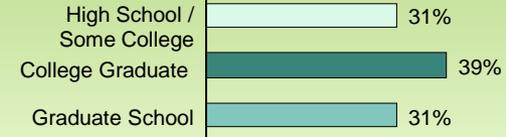
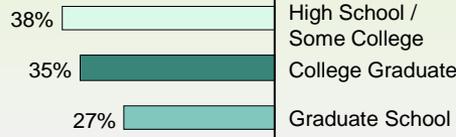
AGE



Younger

Older

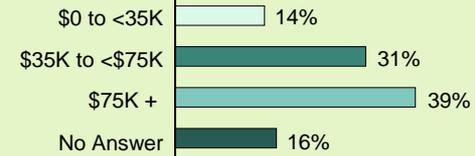
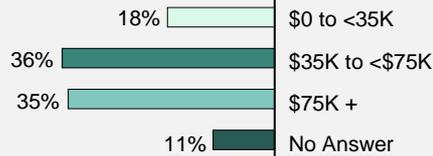
EDUCATION



Less Educated

More Educated

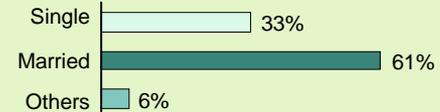
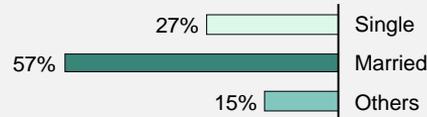
INCOME



Less Affluent

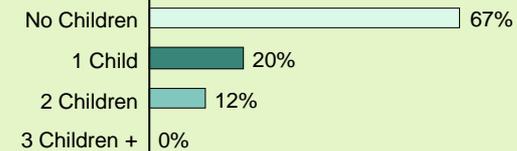
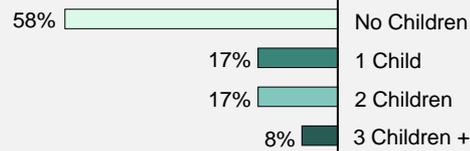
More Affluent

MARITAL STATUS



CHILDREN

(Less Than 18 Yrs Old)



S5: Please select the option that best describes your purchase behavior of green products. Consider only those green items purchased by you or by someone in your household.
 S2: How old are you? D1: What is your gender? D2: What is your marital status? D5: Which of the following best describes your educational background? D4: What is your annual household income? D3: How many children (under the age of 18) do you have across the following age groups? (Multiple responses accepted)

Reasons for Purchasing Green

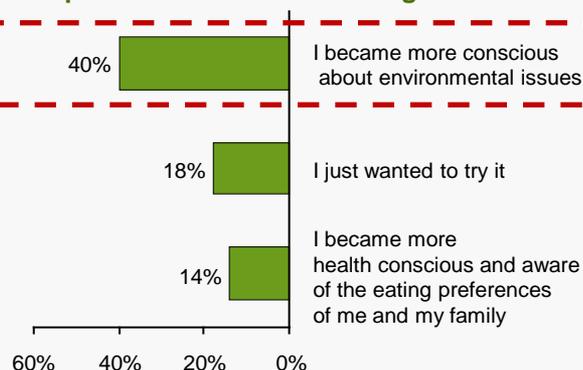
Although both consumer segments have similar motivations for buying green products, 'light green' consumers make their buying decision on impulse and out of curiosity at the store, while 'dark green' consumers plan their purchases ahead of time

Light Green (n = 462)

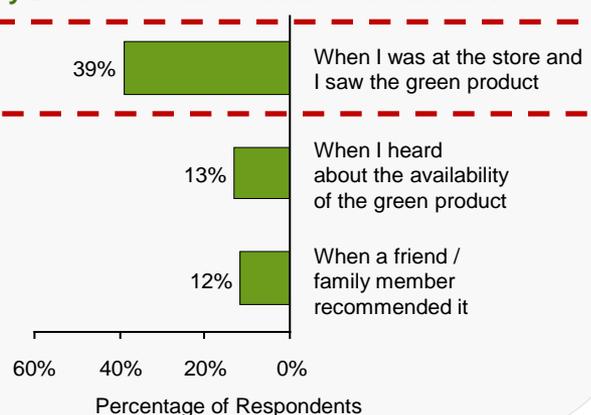
Dark Green (n = 49)

Purchase Behavior (n = 520)

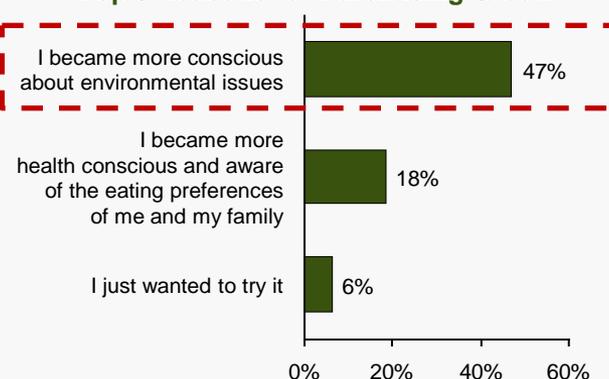
Top 3 Reasons for Purchasing Green



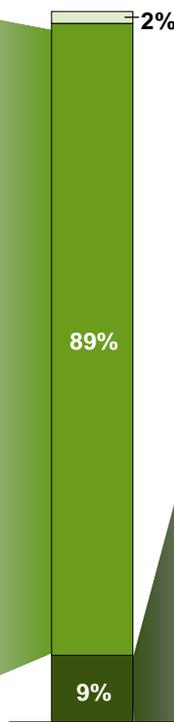
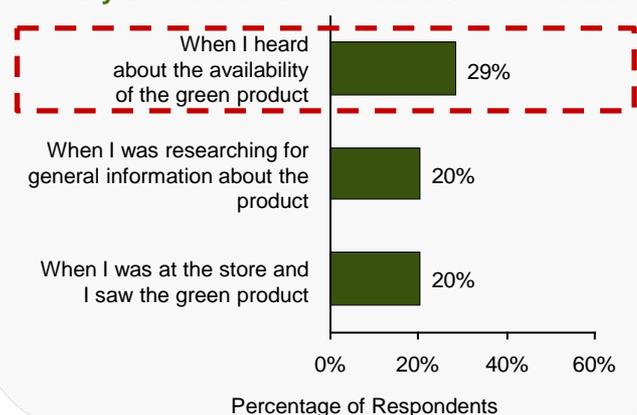
Key Decision Points for First Green Purchase



Top 3 Reasons for Purchasing Green



Key Decision Points for First Green Purchase



S5: Please select the option that best describes your purchase behavior of green products. Consider only those green items purchased by you or by someone in your household.

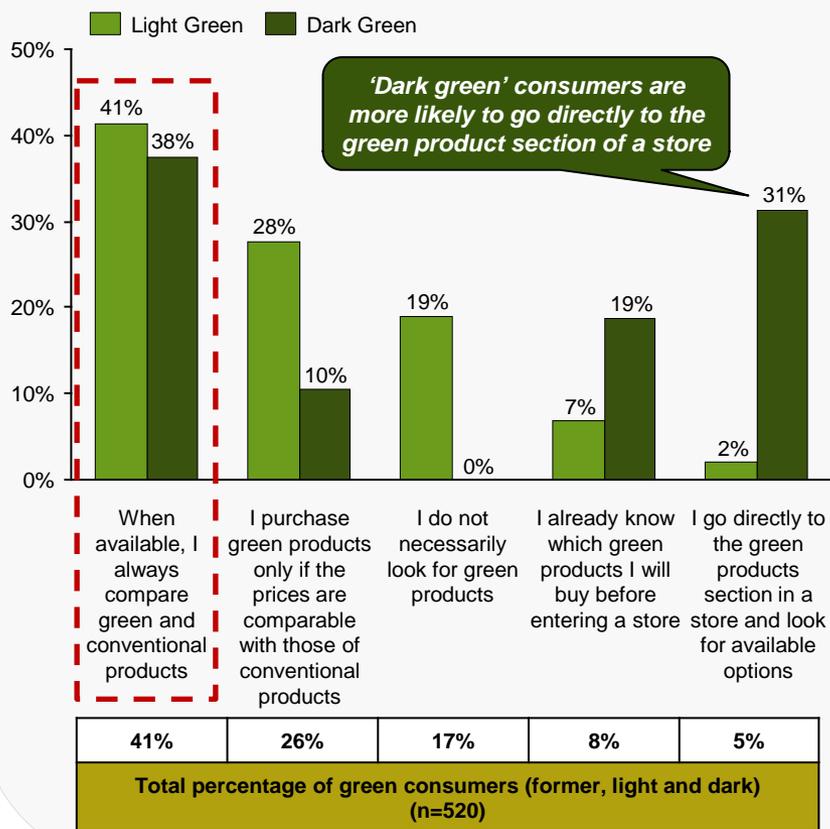
Q5: What was the primary reason behind your first green product purchase?

Q4b: When you bought your first green product, at what point during that purchase did you make the decision to buy it green?

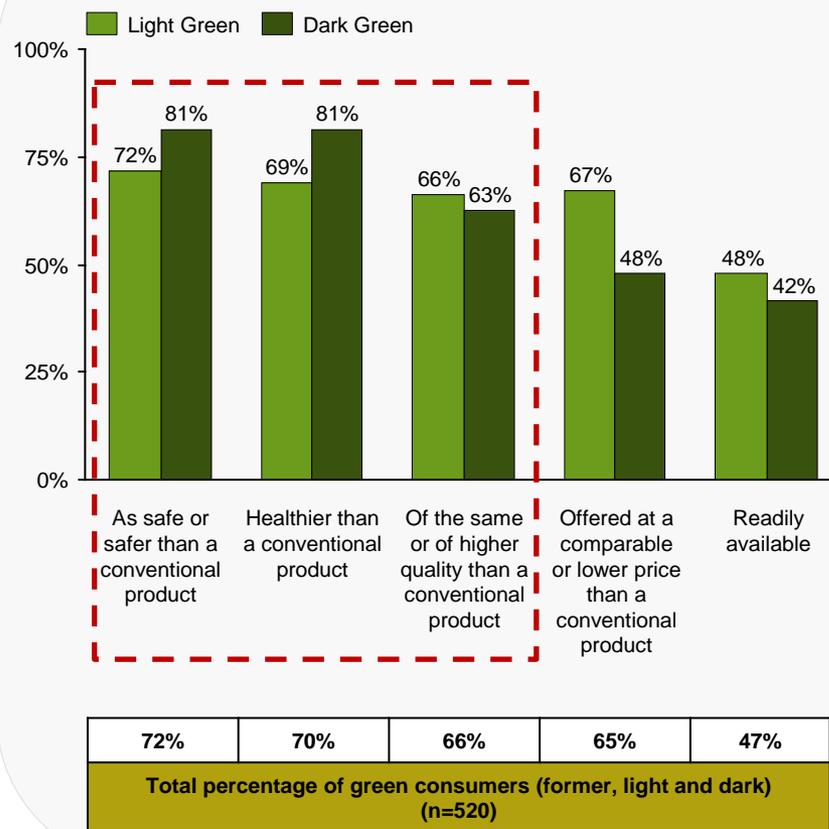
Green Buying Behavior

While at the store, green consumers tend to compare green and conventional products. A green product needs to be superior or at least at par with its conventional counterpart to be considered

In-Store Behavior¹



Top 5 Factors for Considering Green vs. Conventional Products



Note:¹ Top 5 statements describing in-store purchase behaviors

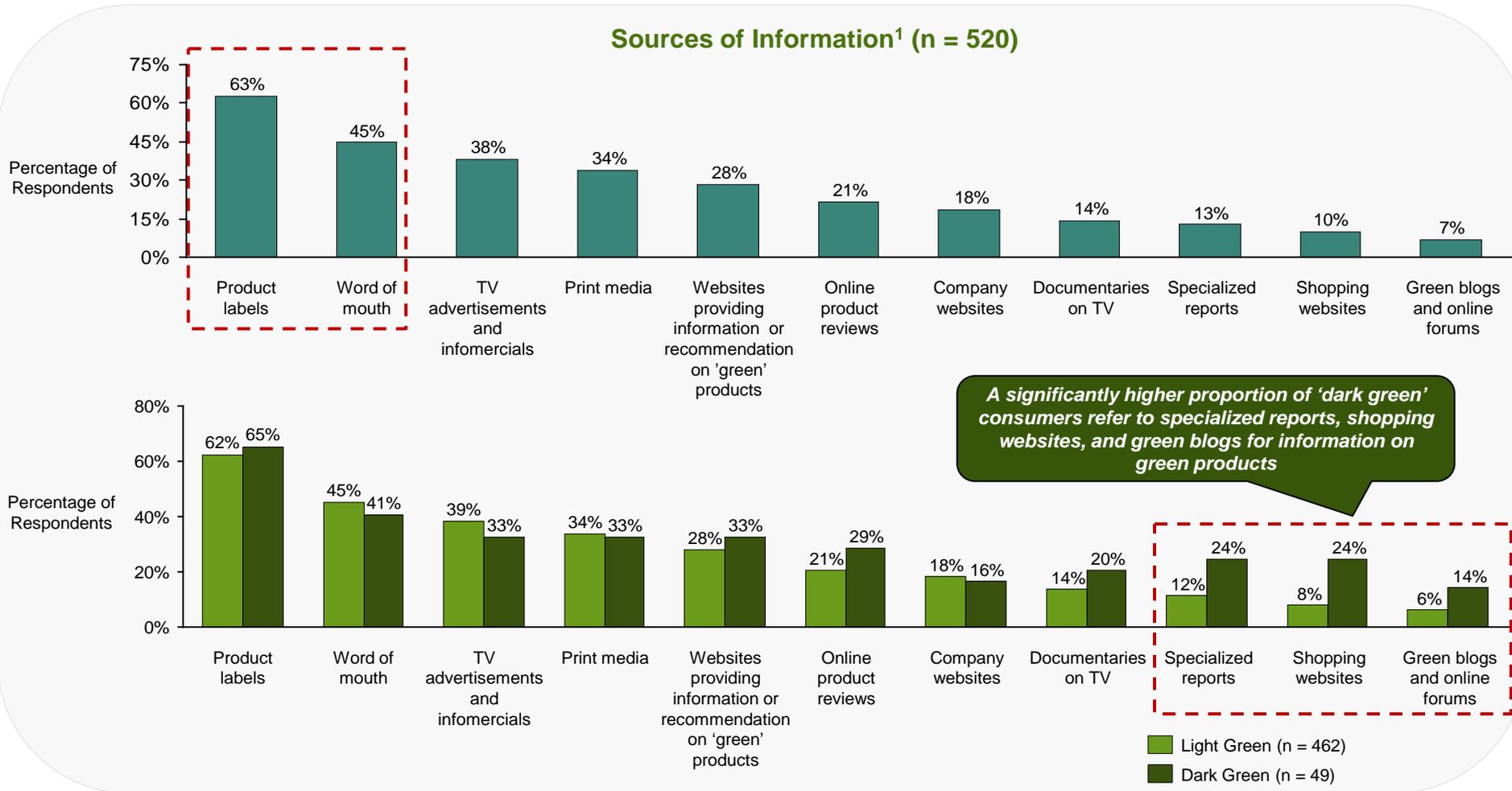
S5: Please select the option that best describes your purchase behavior of green products. Consider only those green items purchased by you or by someone in your household.

Q1: Which of the following statements best describes your green purchase behavior when you are in a store?

Q7: Please select the top 5 factors you consider when buying a green product as compared to a conventional product. (Multiple responses accepted)

Information Sources for Green Products and Companies

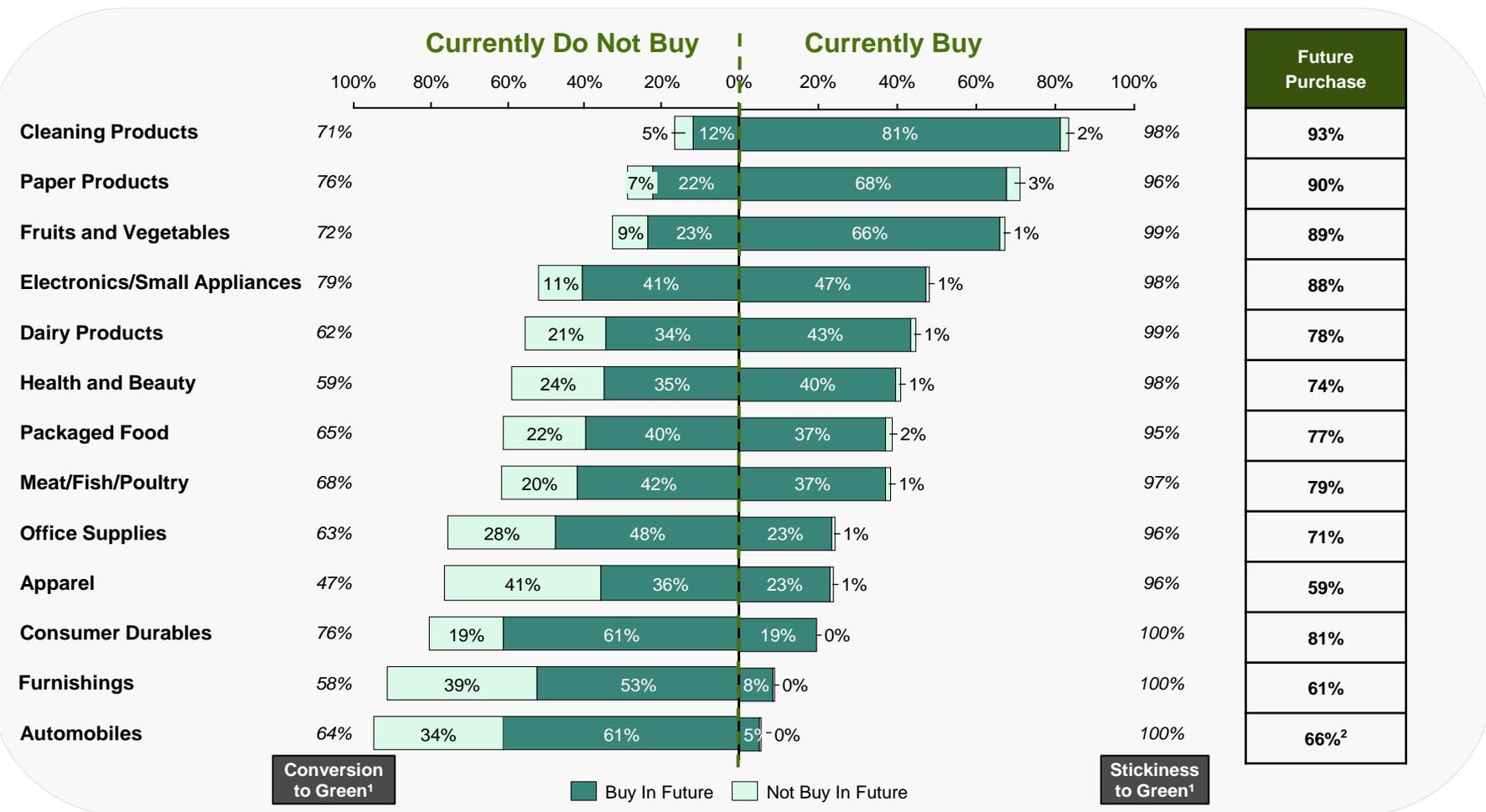
Product labels and word of mouth are the primary sources of information about green products and companies for consumers



S5: Please select the option that best describes your purchase behavior of green products. Consider only those green items purchased by you or by someone in your household.
 Q14: In general, what source do you primarily use when looking for more information about a 'green' company and its products?

Future Purchase Behavior – Green Consumers

Across all product categories almost all consumers who buy green expect to remain green. Those who don't buy certain categories of green products intend to do so in the future



Notes: ¹'Conversion to Green' and 'Stickiness to Green' are calculated by dividing the percent of people who will 'buy in the future' by the total percent of people currently not buying or currently buying in that category, respectively; ²Low Sample Size

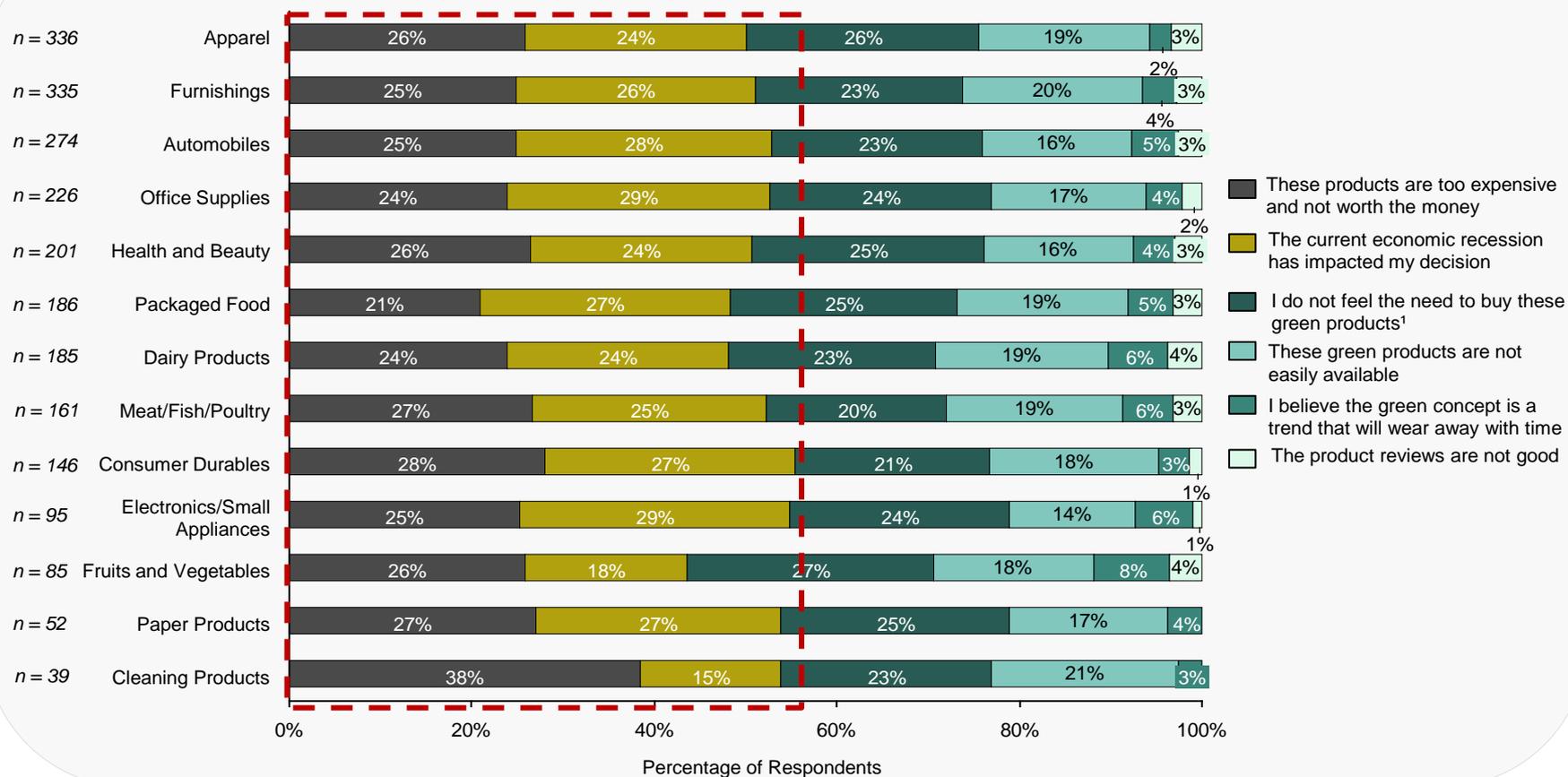
Q8a: Of the products you currently buy, please select the option that best describes your future purchase behavior for 'Green' products?

Q8b: Of the products you currently do not buy, please select the option that best describes your future purchase behavior for 'Green' products?

Future Purchase Behavior – Barriers to Buying Green

Price and the economic recession are the main factors preventing green consumers from buying green products in new categories

Future Purchase Behavior of Product Categories Currently Not Bought



Note: ¹This includes both consumers who do not currently buy products in the category and consumers who plan to continue to buy only conventional products in the future
 Q8b: Of the products you currently do not buy, please select the option that best describes your future purchase behavior for green products?
 Q9b: Currently, you are not buying certain green products and have mentioned that you would not buy them in the future either. Please select your reasons for not buying these products from the following options. (Multiple responses accepted)

Important Attributes of Green Products

Each green product category has one or more specific features that are most important for driving purchases, however environmentally-friendly product packaging is considered important for almost all categories



	Apparel	Paper & Cleaning Products	Food & Related Products	Health & Beauty Products	Electronics, Consumer Durables, Office Supplies	Automobiles	Furnishings
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Most Important Feature	Product manufacturing causes minimal harmful emissions	Product is biodegradable	Product packaging is made of recyclable material	Product is natural	Product is energy efficient	Product is manufactured using minimal resources such as water and/or energy	Product packaging is made of recyclable material
Percentage	70%*	79%	71%	79%	92%	92%	78%
Second Most Important Feature	Product packaging is made of recyclable material	Product uses minimal packaging material	Foods are natural or minimally processed	Product is not tested on animals	Product usage causes minimal harmful emissions	Product uses solar or wind energy	Product is made from eco-friendly material
Percentage	70%	77%	70%	74%	78%	88%	76%
Third Most Important Feature	Product is recyclable or made from recyclable material	Product packaging is made of recyclable material	Product has biodegradable packaging	Product uses minimal packaging material	Product packaging is made of recyclable material	Product usage causes minimal harmful emissions	Product is recyclable or made from recyclable material
Percentage	69%	76%	69%	69%	74%	58%	74%

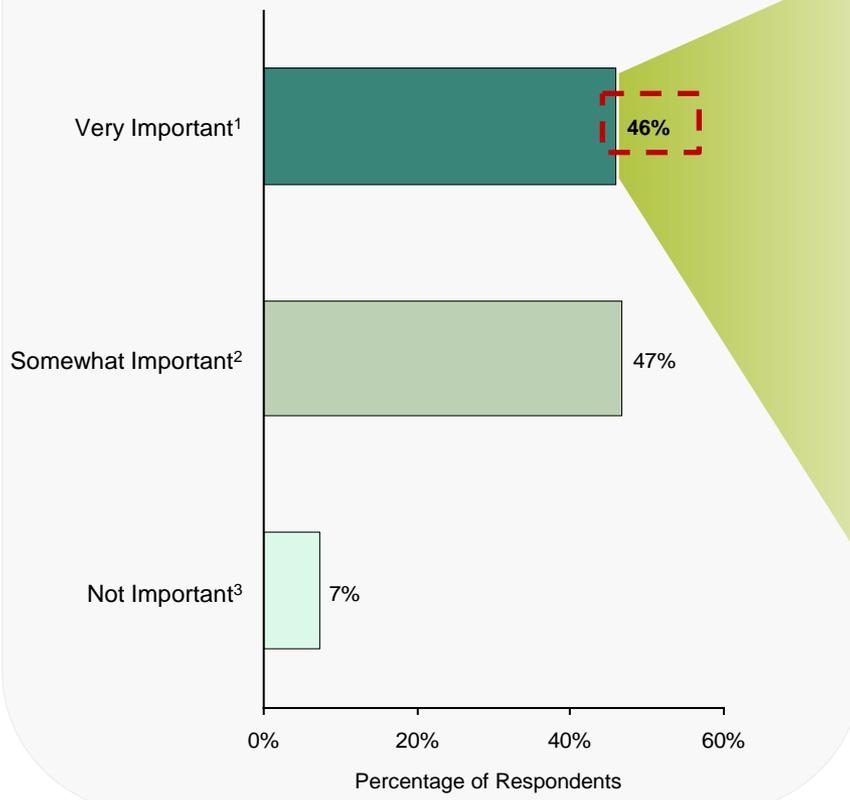
Note: *Higher mean of overall importance rating

Q3a: You have mentioned that you buy or have bought 'Green' products in the following category/categories: < Category >. According to you, how important are the following features when making a purchase decision to buy these products 'Green'?

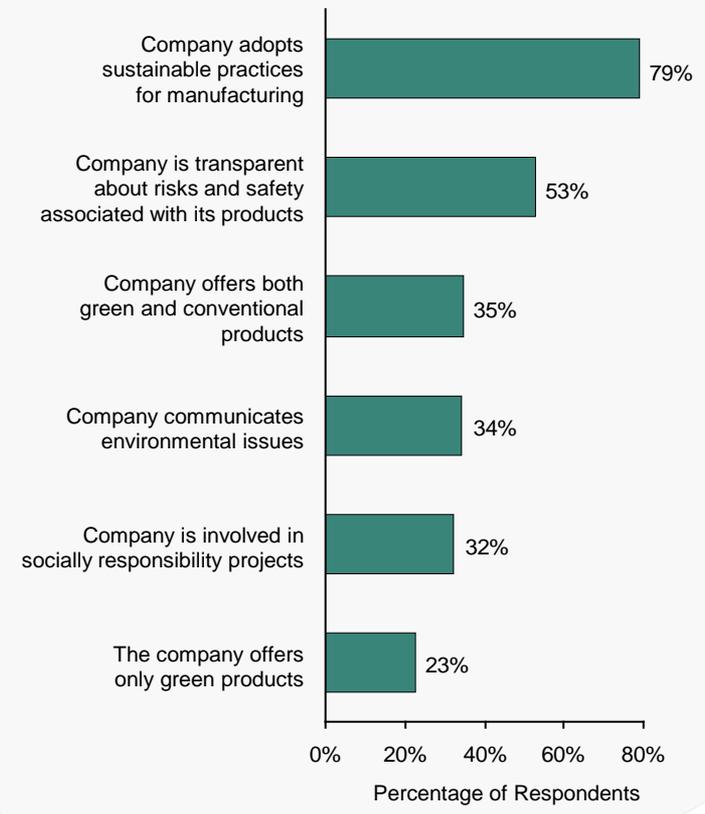
Important Attributes of Green Companies

The adoption of sustainable manufacturing practices is perceived as the most important green attribute for companies; involvement in socially responsible projects is less important

Importance of a Company Being Green on Purchase Decision (n = 520)



Attributes of a Green Company (n = 239)



Note: ¹ Top 2 boxes (Very Important, Extremely Important); ² Box 3 (Somewhat Important), ³ Bottom 2 boxes (Not that Important, Not at all Important)

Q11: In general, how important it is that a company is green and adopts sustainable practices in your decision to buy its products?

Q12: Which, if any, of the following green practices adopted by a company influences your decision to purchase a product from that company? (Multiple responses accepted)

Perception of Green Companies

Seventh Generation has the highest top of mind recall as being a green company; when asked to associate green activities with a select list of companies, Apple, P&G and J&J fared the best



Top 5 Green Companies (Un-aided awareness)

Association with Green Activities (Aided)¹

	Highest Association	Second Highest Association	Third Highest Association
Offers green products			
Involved in social responsibility projects (e.g. AIDS awareness programs, donations etc.)			
Adopts sustainable practices for manufacturing/partners with suppliers adopting sustainable practices			
Communicates environmental issues (through workshops, seminars etc.)			
Transparent about risks and safety of product			

Note: ¹ Ranking of association is among a limited set of companies

Q12b: What are the top companies that come to your mind when you think of a green company? (Open-ended question, multiple responses accepted)

Q13: As far as you know, have any of the following companies adopted the following green activities? (Multiple responses accepted)

Awareness of Companies' Green Initiatives (1/2)

Most green consumers could not recollect the green initiatives of Estee Lauder, HP, Unilever, Newell Rubbermaid, Nestle, Cisco, and Intel, or were not aware of these companies being green...

Awareness of Green Activities

							
I am not aware of this company being 'green'	78.85%	67.69%	76.54%	81.92%	79.42%	82.69%	79.62%
I know that this company is 'green' but cannot recall any specific 'green' initiative	7.50%	10.96%	9.23%	6.73%	8.27%	7.50%	9.81%
Offers green products	8.27%	14.23%	11.15%	7.88%	7.69%	5.96%	5.77%
Involved in social responsibility projects (e.g. AIDS awareness programs, donations etc.)	2.31%	2.69%	2.12%	1.54%	2.31%	1.54%	1.54%
Adopts sustainable practices for manufacturing/partners with suppliers adopting sustainable practices	3.08%	5.00%	1.54%	2.50%	2.69%	1.73%	2.69%
Communicates environmental issues (through workshops, seminars etc.)	1.35%	2.69%	0.96%	1.35%	1.35%	2.12%	1.73%
Transparent about risks and safety of product	1.15%	2.12%	0.96%	0.96%	1.54%	0.96%	1.35%

Note: The percentages do not sum up to 100, as this is a multiple select question

Q12b: What are the top companies that come to your mind when you think of a green company? (Open-ended question, multiple responses accepted)

Q13: As far as you know, have any of the following companies adopted the following green activities? (Multiple responses accepted)

Awareness of Companies' Green Initiatives (2/2)

...However, most of these companies are actively involved in sustainable activities, indicating an opportunity to better communicate with customers their commitment to “going green”

Examples of Companies' Green Initiatives

HP

- HP has an Eco-label program, in which most of their products are certified as 'environmentally preferable'. Examples of their certifications are ENERGY STAR, CECP, Blue Angel, and SEPA
- The company is committed to increasing the volume of recovered products for recycle and reuse

Estee Lauder

- Estee Lauder promotes breast cancer research and awareness by supporting the Breast Cancer Research Foundation, an organization is dedicated to supporting scientists worldwide in conducting the most advanced and promising breast cancer research

Unilever

- Unilever uses sustainable manufacturing practices and packaging technologies. This has led to:
 - A 63% reduction in the amount of water used per ton of production
 - A 39% reduction in CO2 emission per ton of production
- The company has set a target to eliminate PVC from all packaging (where viable) by 2010

Newell Rubbermaid

- Newell Rubbermaid appointed senior business leaders to a Sustainability Steering Committee. The committee has implemented environmental management systems in 10 facilities to monitor and improve environmental performance
- Recycled writing instrument products (Paper Mate® EarthWrite™ Recycled Pencils) are made from 100 % recycled content
- Shur-Line eco-oriented paint brush and roller line is made of 100% renewable bamboo and bristles are made of 100% recycled polyester

Nestle

- Nestle is committed to use natural ingredients and recycled materials in its food products:
 - NaturNes is a baby food made of 100% natural ingredients
 - Nestle's new bottled water product, 're-source', is packaged in bottles made from 25% recycled plastic

Intel

- Intel supports environmental sustainability through various programs and initiatives such as Climate Savers Computing Initiative, 'Plug-In to eCycling' campaign, Student Computer-Recycling Program, and LEED
- The company has also collaborated with environmental organizations such as Chicago Climate Exchange, The Green Grid, Copenhagen Climate Council, SEMATECH, LessWatts.org, and NRDC

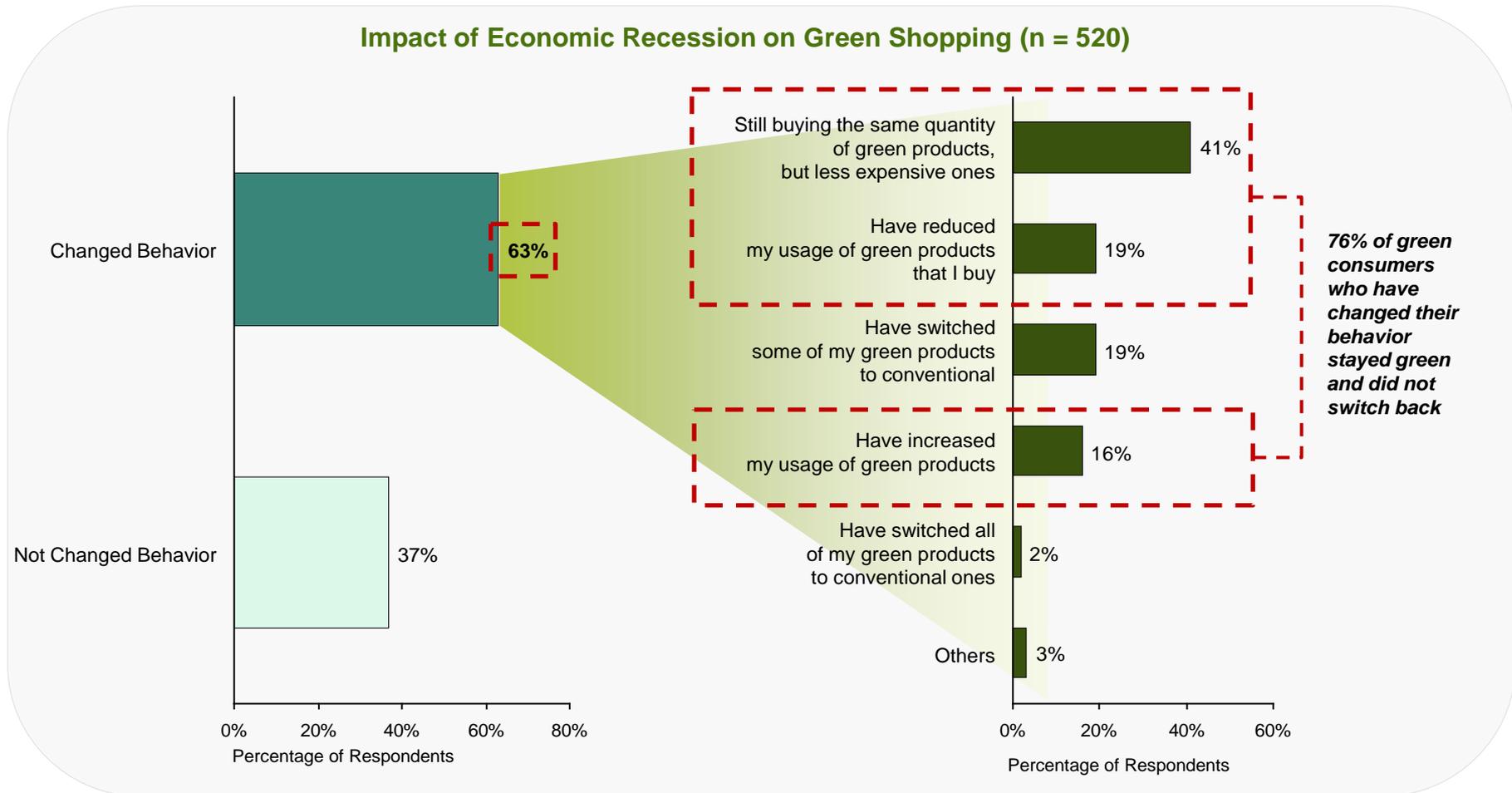
Cisco

- Cisco takes back and recycles all its products in major markets worldwide under the end-of-life management and assets-recovery programs
- As part U.S. EPA Climate Leaders Program, Cisco has committed to reduce 25% of its greenhouse gas emissions by 2012

Awareness of Green Activities							
	WALMART	HP	Unilever	Newell Rubbermaid	NGSIS	CISCO	INTEL
I am not aware of this company being 'green'	78.85%	67.69%	76.54%	81.92%	79.42%	82.69%	79.62%
I know that this company is 'green' but cannot recall any specific 'green' initiative	7.50%	10.96%	9.23%	6.73%	8.27%	7.50%	9.81%
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Transparent about risks and safety of product	1.15%	2.12%	0.96%	0.96%	1.54%	0.96%	1.35%
Recycled by business (2008/2009)	1.15%	2.12%	0.96%	0.96%	1.54%	0.96%	1.35%
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Green Purchase Behavior – Impact of Recession

Almost two-thirds of consumers have changed their green purchase behavior as a result of the recession; however, the vast majority of these people have not abandoned the category



Q10: Please select the option that best describes the impact of the economic recession on your shopping behavior for green products



For More Information Contact:

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