

## **The Tough Part is Over:**

### **Presentation to the American Council for an Energy Efficient Economy**

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(SLIDE) The official title of my talk today is “The Tough Part is Over.”

What I mean by that is that as far as most of you are concerned, the hard work is behind you. You’ve researched the **technologies**. You’ve analyzed your **market**. You’ve created the necessary **strategic alliances**. If you’ve done that correctly, anything I tell you this morning about green marketing should make it pretty short hop from 3<sup>rd</sup> base to Home.

But in honor of the events of September 11, I’ve given my talk a little nickname (SLIDE) “12”. 12 is symbolic for a number of reasons. The first is Sept. 12. On September 11 an alarm went off. And if we didn’t wake up on Sept 12 and begin to do things differently, we missed the most important lesson of our times.

There are a lot of folks in mostly large multinational organizations right now trying to make the business case for sustainability. They’re literally collecting reams of data. I think the business case for sustainability can be written in two words: September 11. And the action plan can be written in two words: September 12. It’s the “what do we do next.”

Now, as a relative newcomer to the ACEEE, I can lend some fresh perspective on the name of your organization. A name like American Council for an Energy Efficient Economy is long, but fortunate. It can be boiled down to a few letters that roll off the tongue. ACEEE. It doesn’t get much simpler than that.

But the **catch** is, that it is so **easy** to say ACEEE that I wonder how many of you ever stop to listen to what the words might communicate: American. Council. For an Energy Efficient Economy. Now if I were a skeptical European I might think that American Council for an Energy Efficient Economy was an **oxymoron**, a bad joke, the subject of a sketch for German Saturday Nite Live. Or, what might be worse, the name of one of those organizations like some here in Washington that’s really a front for the bad guys. American Council for an Energy Efficient Economy. Yeah right. But you know, and I know from working with the ENERGY STAR® folks, that the ACEEE is run by the good guys. (but unfortunately, we’re outnumbered).

So what I'd like to share with you today is something distinctly American, something that we as a nation would be proud to export in the name of sustainability – the ingenuity and creativity that can make energy efficiency as sexy as Coke or Pepsi.

Now I'm not ashamed to tell you that I spent the first 12 years of my career on Madison Avenue. I spent my days figuring out how to sell brands like Pringles, Prell, Purina Dog Chow, and Raise Your Hand If You're Sure. (One of the highlights of my career was walking in the Macy parade as a fire hydrant!)

The good news is that I learned from some of the best craftspeople in marketing how to build brands and move the masses. I spent the next 12 years of my career taking those lessons and applying them to selling green in much the same ways.

So in the next 12 plus 12 minutes, I'm going to try to distill that learning into 3 Strategies, illustrated by 12 case examples that can make your jobs a little easier, and, hopefully, our collective American footprint a little lighter.

I'll start with a **definition** of green marketing. Then I'll share the strategies. So here we go....

(SLIDE:) Green Marketing is about communicating the benefits of environmentally sound products, services, or even corporations so as to differentiate them from competition. To do green marketing right, you need to think about several things:

First, consumers have to be **AWARE OF** and **CONCERNED** about certain environmental problems. Roper's Green Gauge tells us that concern for the environment is at an all time high. People are most concerned about water and air pollution. And more Americans than not now believe global warming to be real.

Then they must **UNDERSTAND** how your product helps to solve those problems.

They also have to **BELIEVE** that as one individual using your product or service, they can actually make a **DIFFERENCE**,

And, speaking of believing, they have to **BELIEVE** the claims you are making.

And because a lot of green products cost more, they need to be convinced in some way to pay that premium—that's what I call the \$64,000 question of green marketing, and I'll be talking more about that in a little while.

Let's take a look at the strategies:

(SLIDE) Strategy #1: Hit Home.

What I mean by this is: Talk up direct, personal benefits of the products and programs that you are offering—not just product features like “energy efficient” or nifty technology. Talk about how consumers will **benefit** by using your product.

One of the great things about Greening is that it improves a product's performance in ways that appeal to **ALL** consumers, **not** just the green ones:

Ultra-concentrated laundry detergents **save space**

Organically grown food **tastes better** and is perceived as more **healthful**

Paper products made from recycled junk mail **cost less.**

If you focus on direct benefits, you'll be addressing the reasons why consumers buy products in the **first** place. So you'll sell **more** products and attract **more** customers to your market transformation programs. You'll also be addressing the **key reason** why consumers are interested in protecting the environment: **SELF INTEREST**, i.e., health, preserving resources for future generations – not necessarily saving species for their own sakes.

Let's have some fun with this:

(SLIDE) Here's an advertisement for a green cleaning product. The cleaning product is made from an extract of orange peels called limonene—which makes for a pretty effective cleaner. But what do you notice? A headline that says “From the Earth for the Earth.” And a field of daisies. Those of you who have seen me talk about green marketing know that I have a particular aversion to daisies, planets and babies in ads for green products.

One reason-- and this is quite unfortunate—is that consumers often green products as inferior. I can't blame them. Many of the first green products that came onto the market in the early 70s just didn't work. The natural laundry detergents left your clothes dingy. The compact fluorescent lights cast a green haze and were noisy. The water-saving showerheads sputtered.

Also, keep in mind that no product is truly green. So companies that boast about their products green benefits often invite skepticism and this can cause a backlash. Finally, ads that talk about benefits simply work harder.

Consider us. All of us at this conference are good environmentalists. But every once in a while even we get a little lipstick on the collar so to speak – or a little grunge build up on the grill. If you had a nasty cleaning job, which would you buy: this product – (SLIDE) OR this product?

This is a cleaning product that's also made from orange peels. It's called Citra-Solv. But instead of talking about how kind it is to the earth, it's ad focuses on **how it can solve your problem**. And the body copy reassures consumers about the product's environmental benefits. Because the message is so strong, they only need half the space to make their point.

Here are a few **more** examples. .

(SLIDE) Here's an ad for Maytag's Neptune Washer. How many of you own a Neptune! It's a major win for the company! As the name suggests and many of you know, the washer was designed to save energy. But does the ad talk about how virtuous it is? No way! It talks about its **superior cleaning benefits!** The energy and water savings benefits are there but they are secondary.

(SLIDE) the same holds true for this ad for Toyota's Prius. They don't focus on the nifty new green technology. They focus on the quiet ride. Again the environment is there. But it's secondary.

(SLIDE) Finally... and I think you'll find this fascinating. A few years ago, Philips re-staged its Earth Light CFLs as Philips Marathon. They also changed the shape so it would look more like an incandescent. But unlike what the WSJ reported a couple of weeks ago, they haven't abandoned the environment one bit. The ENERGY STAR® label appears prominently on the front of the package. There's also a message about how much energy you can save. And when you turn over the package, you find messages about environmental responsibility.

And the relaunch has worked. Steve Goldmacher tells me sales of this product are growing 12% per year in a relatively flat category. Those of you from California know that Philips had a hard time keeping these on the shelves during the energy crisis last year.

(SLIDE) Now this all brings us to what I call the **\$64,000 question** of green marketing: will consumers pay a premium for green?

Let's take our own poll.

How many of you think the answer is **yes**?

How many of you think the answer is **no**?

How many of you think the answer is somewhere in between?

**You** are right!

The real answer is: **It depends**. It depends on how well your product **performs**.

It depends on how much superior **value** your product provides. It also depends of course, on whether consumers have a little extra money to spend in the first place!

Maytag's Neptune, Toyota's Prius, and Philips Marathon bulbs all perform better or provide some type of superior value over and above competitors – so they command a superior price. It doesn't hurt that each of these products is associated with a well-known manufacturer. What would you buy? An \$8 box of "Happy Planet" detergent, or \$7 for a box of Tide? You get my point.

Now, as you can probably tell, I chose these particular products for another reason: to demonstrate that energy efficient products have real tangible benefits that can hit home with consumers: They save money, they can deliver a superior performance, or be more convenient to use.

I'll show you one last example. One that's near and dear to many of us: the ENERGY STAR®. Has anyone been around long enough to remember this? It was one of the first iterations of the ENERGY STAR® logo. What do you notice? EPA Pollution Preventer. (How many consumers do you know who go to Sears on a Saturday afternoon in search of an "EPA Pollution Preventer." ?? Compare that to the latest iteration: "Money Isn't All You Are Saving."

ENERGY STAR® buildings has also gotten the message. (SLIDE: The Mark of Excellence in Asset Management) This brochure for the ENERGY STAR® Buildings Label talks **not** about cost savings and having a nifty **plaque** for your lobby, but a **bottom line** approach to increasing the value of your building. Something that top management—who is often the decision maker and driver of ENERGY STAR® throughout the company—is sure to appreciate. ENERGY STAR® has learned to Hit Home!

(SLIDE) **Strategy #2:** Educate and Empower

As I mentioned earlier, Consumers are concerned about the environment but they won't buy your green product unless they understand how it's designed to help them solve the problems they care about. This is called "**EMPOWERMENT**."

And it can only be achieved through **EDUCATION**. Enlightened and empowered consumers choose green products when all else is equal. A friend of mine at Yankelovich likes to say "The tie goes to the Dolphin." Research from Roper tells us that 56% of consumers would do more for the environment if they only knew what to do.

You know better than I do that most consumers know that energy efficiency saves them money. But only a small group really understands that cutting down on kilowatts is better for the environment, too. So help your customers understand the environmental benefits and take advantage of opportunities to break those ties.

A great example is this ad for Sears windows. (SLIDE) See how they educate consumers about the many advantages of state of the art windows, from preserving fabrics to making their homes more comfortable.

And while you are at it: (SLIDE) **Be dramatic!**

Environmental benefits are oftentimes **intangible**. And therefore they can be difficult if not **impossible** for the consumer to perceive. For example, consumers **can't see** the fumes that aren't being emitted at the electrical plant when they use an energy efficient product. Oftentimes, they can't even see the difference on their electric bill!

So it helps to make these benefits as **MEMORABLE** and **COMPELLING** as possible by **dramatizing your messages** and visuals. (SLIDE) Here's a good example. It's an ad for Sears refrigerators that says' Pardon me, Madam. Is your refrigerator running on the same amount of power as a 75-watt light bulb?" That's a powerful claim!

(SLIDE) Here's another example. It's the introductory ad for Rayovac Renewal brand rechargeable alkaline batteries. As you can see, they are targetting heavy users with a "save money on batteries message". The headline reads: "How to save \$150 on a CD player that costs \$100." The magic, of course, is that they **aggregated** the savings into something quite **tangible** and quite **compelling** for the consumer. (SLIDE) They do the same thing in a

complementary ad talking about throwing away **136 fewer batteries** this year. Note by the way, that the green message is a real nice complement to the money savings benefit.

And while you're at it, don't forget to: (SLIDE) **Have fun!**

Saving the environment is a very **HOPEFUL** activity. Consumers want to feel that the problems can be solved. They are turned **OFF** by Jimmy Carter in his cardigan turning down the thermostat. They are turned **ON** by upbeat messages.

That's why (SLIDE) Green Disk recycled diskettes says: "Made from the best diskettes everyone else ever made." And (SLIDE): Stonyfield Farm: Eat this stuff. It will make you a nicer person.

(SLIDE) My **third** and final Strategy: Be Credible

As you can imagine, industry doesn't have much credibility when it comes to the environment. And the Enron debacle hasn't helped at all!

One thing that can help are various third party **eco-seals and certifications**. (SLIDE) The most well known and trusted of all eco-seals in this country, of course, is the symbol for energy efficiency, **ENERGY STAR®**. Now, for all of its strengths, the ENERGY STAR® logo is not without its challenges. One of them is its near universality. In other words, because so many competitors have it, it doesn't really help to differentiate one brand from another all by itself. But you **can** use it to differentiate your products or company if you communicate its role in a unique and compelling way.

For example, (SLIDE) Kyocera uses ENERGY STAR® as a launching pad to talk about the other savings the product affords. The ad copy talks about money from energy, and duplex printing. (SLIDE) This ad from Johnson Controls talks about ENERGY STAR® Partner of the Year as well as LEED Certification.

Another thing you can do is to

(NEW SLIDE): **REINFORCE YOUR own CREDIBILITY**

All the swans, pandas and stars in the world aren't going to make you look green, if you aren't green yourself.

You can do this by:

..Being **thorough** - have a good environmental track record

..Being **proactive** - be first to market with a breakthrough environmental initiative. This is one of the best ways to get hordes of free publicity, to look innovative, socially responsible, and to be perceived as a leader.

..and Making sure initiatives are well-publicized, so that all your various stakeholders know about them and your company will get its fair share of credit. I often say, it's not enough to be green.. You have to be **seen to be green**. Johnson Controls does this nicely. (SLIDE) And so does this ad for Canon. There are many other well-known corporate campaigns these days, like Beyond Petroleum, and the one Toyota is running.

One of my favorite strategies to reinforce credibility—and I've been advocating this for years— is to Have your CEO communicate **personally** – it sends a message that someone is watching the shop and is personally responsible. That's the magic behind the familiarity with John Browne, Anita Roddick, Ben & Jerry, and Yvon Chouinard. n(SLIDE): Tom and Kate Chappell of Tom's of Maine puts a letter to their customers right on the label.

(SLIDE). And finally: Be transparent. In a post-dot. Com, post- Sept 11, post-Enron world, this is increasingly critical. One of the best examples I know of this also comes from Tom's of Maine. (SLIDE): Tom's of Maine identifies all specific ingredients of his toothpaste, along with its purpose and source right on the label. I predict we'll see even more information disclosure in the future as consumers become even more savvy, and more concerned.

(BLANK SLIDE) To summarize: There are 3 strategies. And 12 examples. If you've done your homework, I can promise you that they will work. If you haven't done your homework. If your product or program doesn't promise something readily tangible to the consumer, you may have to go back to the drawing board. Its up to you. By the way, if they do work, please **Make My Day** next Sept 12 – (SLIDE) send me email and let me know how you are doing.

Godspeed, ACEEEE!

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