Selling Green Products in a Tough Economy

Ann Blake, Ph.D.
Environmental & Public Health Consulting

Green Chemistry and Commerce Council, Houston TX
April 27, 2010
Major Retailers
But First
Some Trends
Majority of shoppers consider sustainability in buying decision

2008 Deloitte GMA Sustainability Consumer Study
2/3 of Americans agree that “even in tough economic times, it is important to purchase products with social and environmental benefits”
New priorities reflected in purchasing

Organic and Natural Food/Beverage Sales (in millions)

Graph showing the increase in organic and natural food/beverage sales from 2005 to 2013.
Green Product Performance

Natural Beauty Products: down 0.2 percent
$283.1 million to $282.6 million
vs.
Beauty Products: down 0.7 percent
$482 million to $478.6 million

Green Durable Goods: no change

Green electronics showing growth

SPINS Market Research, reported in Natural Foods Merchandiser Feb 2010
Environmental Leader, March 29, 2010
Green Market Outlook

Healthy Products, Healthy Planet” (HP2) Sector outperformed economy as a whole in 2008-2009, growing 6% in 2008 and remaining flat in 2009.

Green Living” market grew 41% during 2004-2009.

Eliminated by food and beverage, personal care
Food and beverage + 1.8% in 2009
Predicted growth of 20% from 2010-2012

% of organic food purchasers have cut back
% have switched to less expensive organic options
Manufacturers and retailers are responding
through acquisitions
through new brand introductions by manufacturers
Structure:

Brands by the Top 30 Food Makers in North America

- Kraft #1
- Mars #16
- ConAgra #9
- Cadbury Schweppes #10
- Campbell Soup #22
- SAB Miller (UK) #22
- Nestle (Switzerland) #4
- General Mills #6

- Pepsi #3
- Kellogg #12
- Hershey #23
- Heinz #27
- Tyson #2
- Anheuser-Busch #5
- Unilever #14
- Cadbury Organic
- Nature's Farm
- Orville Redenbacher's Organic
- PAM Organic
- Huy Fong Foods Organic
- Swanson Organic
- PowerBar Organic

- Hershey Organic
- Breyers Organic
- Ben & Jerry's Organic
- Tropicana Organic
- Nature's Farm
- Orville Redenbacher's Organic
- PAM Organic
- Huy Fong Foods Organic
- Swanson Organic
- PowerBar Organic

Assistant Professor, Community Agriculture

and retailers
Seems like a win-win
Customers looking for better products from better companies

Companies making better products to meet consumers’ needs.
There is just one problem
Consumers are lost

Study found “Greenwashing” on over 400 eco-certifications are leaving consumers confused.
Information can be overwhelming
Resulting in Missed Opportunity

Figure 9
Lost opportunity on the path to purchase

- 95% Would buy
- 75% Know a green product
- 63% Looking for green
- 47% Saw green
- 22% Bought green

Key leakage reason:
- Unaware
- Uneducated
- Unavailable
- Unmotivated

Source: GMA and Deloitte Green Shopper Survey 2009
How can you communicate to consumers
where it matters?
Providing transparency into the health, environmental and social impacts of products and companies
GoodGuide Product and Company Scores

GoodGuide Proprietary Algorithms

Govt. Data
Private Research Firms
Non-Profits
Academics
Media (Unstructured)

Aggregation of Best Data Sources in the World

Development of Product Ontologies (i.e., What Matters?)

Health Hazard Assessment
Environmental Life Cycle Assessment
Social Impact Assessment

Science of Measuring the Impacts of Global Supply Chains
10+ Years of Research @ MIT & UC Berkeley
Team of Scientists
Integrating over over
1,400 individual data points
on over 70,000 consumer products
to provide consumers with
easy-to-understand
scientific
ratings
of products and companies
in 3 Key Areas
1. Health
2. Environment
3. Society
Overall GoodGuide Rating

GoodGuide Rating: 8.6
Health: 10
Environment: 8.1
Society: 7.6
delivered to consumers where they make decisions
Guide.com

Top Rated on GoodGuide

- All Products
  - 50,000 Products
- Food
  - 5,000 Products
- Personal Care
  - 40,000 Products
- Household Cleaners
  - 3,000 Products
- Toys
  - 3,000 Products
Newest tool to make it easy for consumers
UPC scanning from the phone
New GoodGuide Scanner

Use your iPhone's camera to scan barcodes and see the GoodGuide rating.

Scan Barcode
Behind the Rating

- This product has been fortified or enriched.
- This company has minimal or no community-related controversies.
- The company that makes this product has one of the highest scores in recycled materials.

Buy, Compare, and Save

- Add to my Favorites List
Giving consumers the health, environmental and social info they need to make a product buying decision.
Works for Consumers
Buyers 5-10X more likely to make a purchase after using GoodGuide
Press likes it
a “wonderful” website

“[GoodGuide] could have a revolutionary effect on industry and commerce.”

“One of the best services I’ve ever used.”

GoodGuide Has Drawn Accolades for its Exhaustive Information

10 Ideas Changing World Right Now

New Site Rates Products for Safety, etc.

Startup Fights Greenwash With Data Sent to Your Phone

How the Web Can Help Fight Greenwashing

Green IQ - GoodGuide
Why it Works for Consumers

• Unbiased 3rd party ratings
• Ratings are scientific
• A score - not a certification
• Ratings can be personalized
Why it Works for Manufacturers

• Influences purchase
• More effective (and cheaper) than marketing sustainability efforts to work for you
• Lowers investment in sustainability scientists
• Puts your sustainability efforts to work for you
New manufacturer product from GoodGuide
New direct way to provide your data into Goodguide
And gain product insights from GoodGuide

You → Product Insights
And ultimately better participate in this new ecosystem
Why:

Better communicate with consumers – more complete data
Understand what the world knows about your products and practices
Understand which criteria are affecting your ratings and what you could be doing to improve their product performance;
Gain insights into consumer perceptions and decisions related to your products.
http://portal.goodguide.com