

Focusing on a green future

Climate change will be the driving force behind a raft of products and services as industries find environmentally friendly consumers demand action and innovation



In 2012, when London hosts the first “green” Olympics, what will your brand be doing to safeguard the environment? Climate change is relevant for marketers because it can spearhead brand innovation and generate differentiation. It is relevant because consumers think it should be. Even if you don’t want to worry about how climate change is relevant to your brand, soon you may have to.

A raft of legislation is set to railroad companies into overhauling business practices to safeguard the environment. Brands are recognising that proactively investigating and investing in this issue can create opportunities in brand reputation, differentiation and new product development.

Consider Toyota. When asked why the car company developed the Prius, the answer from executive vice-president Jim Lenz was simple: “First of all, long term, is fuel going to get cheaper or more expensive? Is oil going to become more plentiful or less plentiful? Is the air going to become cleaner or more polluted? And so, do you do something proactive and innovative, to be in tune with where society is going? Or do you hold on to where it has been, and don’t let go, to the bitter end?”

Toyota embraced the issue of climate change to create opportunities. It has led the brand to grab first-mover advantage, market share and profit growth with sales of the Prius outstripping supply.

So what will potential climate change legislation look like? Four key areas could engender a new direction for innovation – packaging taxes, responsibility for recycling, sustainable design and responsibility for energy efficiency.

Packaging taxes could be levied on manufacturers who waste resources. A precedent has been set in the construction industry, which is taxed on virgin materials used in primary construction materials as well as disposal through landfill. Both taxes have successfully driven recycling in this industry, with the waste of demolished buildings



Foresight: There are advantages to looking for opportunities in an environmentally friendly consumer-led market

being re-used in some concretes and roads.

So what would the implications of packaging taxes for marketers be? Packaged brands will have to meet stringent regulations on the percentage of packaging versus product weight and size. It may become too expensive for brands to have outer packaging purely to stand out on the supermarket shelf. Without the reliance on packaging, how will you brand your product?

Second, manufacturers and retailers across all sectors will become responsible for recycling their own goods. In July, the electrical and electronic industry will become responsible for the cost of collection, treatment and recycling of their equipment. We are likely to see this spread to other sectors.

PRODUCT LIFECYCLE

Before legislation forces them, brands should investigate substituting non-recyclable ingredients for more suitable elements. Can you overhaul your supply chain to deliver recyclable items? Can your product lifecycle be extended? It’s a huge undertaking so perhaps we will see industry collaboration to create recyclable raw materials or even joint manufacturing plants. This in turn presents a huge marketing opportunity to break our love affair with the new. There is a new breed of consumers interested in refurbished and refreshed goods. This trend is not purely driven by value, but by a desire to protect the environment.

Similarly, the inexorable rise of

eBay (with its 200 million users worldwide) reflects the growth of the recycled goods market. EBay sells one car and one laptop every two minutes, while an item of women’s clothing sells every seven seconds.

In the retail sector there’s clearly an opportunity to sell secondhand, reconditioned products alongside new ones. We see this in car showrooms so why not in supermarkets or high street stores? White goods manufacturers could sell reconditioned, retro fridges alongside newer models, neatly accepting responsibility for recycling as well as answering a consumer demand.

High street furniture and clothing stores could offer a similar service by refurbishing or even redesigning items to be exchanged or resold. That celebrities are happy to be seen foraging in charity shops reflects this.

Online initiatives are also tapping into the growth of recycled goods. Freecycle is a grassroots, not-for-profit movement that swaps goods within communities. Online services such as Cahooting and People’s Web enable consumers to rent or borrow items from one another.

Third, there is an opportunity to design products and brands to be kept rather than replaced. In technology, we need to break the “upgrade culture”, which sees phones and PCs replaced frequently. The same is true in fashion, where the likes of Primark and supermarket chains have spawned a culture of fast, throw-away fashion.

Instead, marketers should consider product innovation with a

“Design for Life” approach to extend your product lifecycle. Could your product evolve to become something else of value? Could your products be made more durable to last longer with built-in repair/servicing programmes?

On an emotional level, marketers need to find ways of creating emotional connections with objects so we keep them for longer. Walter Stahel, visiting Professor of the University of Surrey calls this the “teddy bear factor”: no matter how worn out, you don’t throw your teddy bear out as it is an emotional link to childhood. The “Ikea-isation” of the home furnishings sector means that we no longer hand down treasured pieces of furniture to our children.

ENERGY EFFICIENCY

Energy efficiency is likely to become regulated to combat climate change. When you said goodbye to your old analogue TV did you know that its digital replacement consumed up to twice as much energy? The Energy Performance Certificate (EPC), which will be included in the Home Information Packs, will become a European requirement by 2009 – after all, our homes account for 27% of UK’s carbon emissions.

Consumers will expect to see a wider choice of energy-efficient products to meet EPC requirements, so within five years, similar legislation is undoubtedly going to hit other industries. Companies that are well-prepared could use energy efficiency as a stepping stone for product innovation. For instance, one Californian gym is running a pilot to power lighting with generators made from recycled washing machine parts that capture the fitness fanatics’ energy as they pound the treadmill.

There are many potential opportunities with climate change. You’ll discover that the environment isn’t just relevant to brands because of the costs of future legislation. It offers a springboard for innovation. ●

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