



BY ANDREW PIERCE

TURNING GREEN INTO GOLD

WHEN IT COMES to going green, many companies are starting to *see* green. While many businesses still only have one toe (if not one brand) in the water when it comes to demonstrating their commitment to sustainability, those that figure out how going green can solve a customer need, build the brand and make money are getting to the goal line first, and profitably.

Global Hyatt Corp. just launched its first and sole green brand, Andaz, intended to be as environmentally friendly as possible, whether through natural foods served or building materials used. Wal-Mart Stores has begun a global supplier standards initiative that will fundamentally change who the retailer sources for products and services. Even banks like JPMorgan Chase have created green mutual funds, enabling customers to invest in companies that are focused on doing good for the environment.

Companies are starting to pay greater attention to going green because, finally, a segment of consumers is willing to pay for green products and services. A study this year by Boston public relations firm Cone Inc. found 91% of respondents have a more positive image of an environmentally responsible company. And almost half (47%) purchased environmentally friendly products, whether cleaning supplies, home improvement products or items with recycled content in the last year.

The question for most companies is not *if* they will take action to make their brands environmentally friendly, but *when* and the extent to which they will do so.

Too often, a green agenda is pursued without the context of broader business imperatives.

Many begin with an inside out view of how to develop and sell green products or services versus learning how they solve a customer need and ultimately benefit the business, customer and the brand. Simple metrics around key questions can begin

the process: What behaviors are we trying to change or create? How can we make our green agenda something a customer understands, values and is willing to pay for? How do we measure the impact of our green investments?

So what does it take to successfully make green work as a business and brand builder?

First, green initiatives must be authentic (customers are getting smarter) and the commitment to the environment must permeate the business. Take General Electric's two-year-old "Ecomagination" initiative. The ads themselves are stunning—the spots showcase the steps GE is taking to safeguard the environment. But more impressive is the GE corporate commitment, as reflected in its corporate vision, to develop cleaner technologies for industrial customers. Each line of business has made the commitment and invested R&D dollars. The payoff? The 45 products aligned with this emphasis are expected to generate \$13 billion in 2007 revenues.

Secondly, companies must demonstrate how their green initiatives address a customer need and enhance the customer experience. Customers want to participate in the move toward a better environment without compromising convenience or increasing their burden. Whether buying environmentally friendly products or taking part in environmental practices, like accepting online statements instead of paper, customers need to see the benefit. The more work or less convenient it becomes, the higher the risk of losing the customer—and brand points.

Several U.S. financial services companies, for example, are striving to be green leaders, but are challenged in two areas. First, while one part of the business moves to paperless statements, another mails millions of pieces of direct mail every day, pushing everything from credit cards to mortgages. Secondly, while going paperless can significantly reduce costs and

seem green, it may also put the burden on customers to organize accounts, sift through e-mails and worry about online account security.

Natural foods retailer Whole Foods Market gets it right. Its recent Whole Trade guarantee establishes strict criteria for products from developing countries to ensure exceptional product quality and sound environmental production practices. Customers need only purchase items with the Whole Trade logo to do their part in supporting the goals it represents.

Finally, going green should draw on the energy and passion of employees. Especially in service-based businesses, employees involved beyond pro-forma volunteerism find it personally rewarding. This increases their commitment, which in turn makes for delivery of a better customer experience, which finally creates happier and more brand-loyal customers. While this movement is increasingly important to employees, few businesses have managed to harness this passion and use it to develop and deliver environmentally friendly products and services.

Businesses that successfully meet the green imperative are making the shift from focusing solely on risk and the potential impact to the bottom line to the identification of new business opportunities and top-line enhancements. What they're finding in each case is that it's not enough to dye a brand green. Their brands and businesses need to be grown green. In the end, those doing it right have found that green is not just good, but gold for business. **m**



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