BY SCOTT SIFF

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A Preference for Green Brands

Penn Schoen Berland's survey provides key insight into purchasing behavior around the world and the future of green marketing.

In a recent worldwide poll that examined consumer attitudes on environmental issues, Chinese consumers stood alone. They were, not surprisingly, different from consumers in developed countries in the West, and also stood apart from consumers in other developing markets like India and Brazil. The implications of these differences for companies doing business in China are enormous.

The sixth annual Green Brands Survey was conducted in 2010 by Penn Schoen Berland, in cooperation with Landor, Cohn & Wolfe and Esty Environmental Partners. The survey includes responses from over 9,000 people, polling between 1,100 to 1,220 respondents in each of eight countries that included the U.S., U.K., Germany, France, Australia, China, Brazil and India. It comprises one of the most in-depth and broad looks at environmental attitudes around the world and assesses the key differences among countries.

Green consumers

How exactly is China different from and similar to other countries? First and most strikingly, Chinese consumers are arguably the greenest of all countries surveyed. Indeed, in this respect, the three developing powerhouses of China, India and Brazil all stand out as being greener than their western counterparts – a sharp contrast to the generally held prejudice that western consumers care more about the environment than their counterparts in the developing world.

Several sets of poll responses tell this story. When we asked whether people planned to spend more, less or the same on green products and services in the next year, 82 percent of Chinese consumers said more, the highest of any country surveyed. China is followed closely by India at 81 percent and Brazil at 73 percent, while the Western countries lag far behind. In the U.S., only 35 percent say they would spend more on green products, and in the purported bastions of "greenness," France's and Germany's numbers are 41 percent and 31 percent respectively.

This behavioral measure seems to be no mere temporary symptom of the slower economic recovery in Europe and the U.S. When we framed the question as a more fundamental attitudinal measure – i.e., to get a read beyond current short-term buying activity – the answers are essentially the same.

For example, in response to a question asking how important it is to you, when thinking about what brands to buy, that a company is environmentally friendly or is a green company, 40 percent in China, 50 percent in India, and 49 percent in Brazil say "Very Important" – compared to 16 percent in the U.S. and U.K., 30 percent in France, 15 percent in Australia and just 9 percent in Germany. These are striking differences that turn many conventional assumptions on their head about where the most important markets for green products are.

Supply and demand

The second set of differences between China (and to some degree Brazil and India as well) and the western countries involves the reasons consumers give for not buying more green products and services. Consumers in the U.S., U.K., Australia,

> *"The market is failing to deliver the range and number of green products consumers want."*

France and Germany say the biggest challenge to purchasing green products and services is by far the high price, as they responded that "they are too expensive." As noted above, these are the same five countries whose citizens are less likely to say it is important to buy green products and services – thus further emphasizing the focus in those countries on the perceived higher cost of buying green.

In contrast, the top challenge cited by consumers in India and Brazil is the limited selection of green products and services from which to choose, and the second-highest response is that green products and services are difficult to find. In other words, there is something of a market failure in those countries in the green arena. Consumers are ready and waiting for more green products and services, but demand currently outstrips supply.

China is a little different from both groups. The top challenge Chinese consumers identify is "green labeling or product information is confusing or not trustworthy," and their second-highest response, which basically ties the first (just one point lower), is that there is a limited selection from which to choose.

The story in China has similarities to Brazil and India – namely that the market is failing to deliver the range and number of green products consumers want – but with the added complication that even when it comes to those products that purport to be green, Chinese consumers are unsure whether they can trust those claims.

Indeed, reliable certifications are an issue in a number of countries around the world. When asked what most influences your willingness to purchase environmentally-friendly or green products, certifications are the first or second choice in China, India and Brazil, as well as in France and Germany. By comparison, "past experiences with the product" is the top choice in the U.S., U.K., Germany and Australia. But China gives certifications a higher score than do any of the other countries.

The implication from these findings is that, especially in China, but elsewhere as well, it would be in companies' interest either to prompt the government to develop widely-recognized and trustworthy certification programs, or for the companies to band together to do it themselves.

In the meantime, in their search for whatever information they can find about which products and services are green, consumers are actually more willing than expected to pay attention even to companies' own advertising. Everywhere except France and Germany, consumers are more likely to say that advertising about green products helps consumers make informed choices than to say they tune out. And in China, India and Brazil, those numbers are 80 percent or more.

What can we learn from this? Don't be shy about telling consumers what you're up to on environmental initiatives and activities. Whereas green advertising may be hitting its saturation point in places like France, and may be moving from differentiating to a cost-of-entry attribute in the U.S. and U.K., it still has the potential to be a real differentiator in the trio of developing countries we surveyed. It's just a matter of framing the green messages in a way that resonates.

Green perspective

This key insight brings us to a third way that Chinese consumers are different from their counterparts in other countries – the general level of optimism about the environment. Understanding this backdrop is critical to developing messages that connect.

As a core foundational question in the survey, we asked people whether the state of the environment is headed in the right direction in their country or whether it is off on the wrong track. The countries fall into three groups on this question. In India and Brazil, consumers emphatically feel the state of the environment is on the wrong track in their country. In all other countries except China – i.e., the Western countries – people also say the wrong track, but not so strongly. China is different from all of them in that consumers there said clearly that the environment is on the right track.

This outcome creates a very interesting overlay to the prior findings. It says that when consumers in Brazil and India say they are willing to pay more for green products and services, that willingness is driven by deep concern about the direction of the environment in their country. In China, by contrast, the preference for green is driven less by concern or anxiety, and more by a sense of optimism and progress – which is the underlying sentiment that green-related messaging should tap into China to resonate most effectively. That's not to say that they feel the environment is in good shape now in China – just that the problem has been recognized and things are moving in the right direction.

One further finding supports this insight. When we asked people whether they are more concerned about the economy or the environment, the Western countries, not surprisingly (given the earlier finding that price is the biggest reason they don't buy green more often), say the economy. On the other side of the spectrum, India and Brazil said the environment, by a large margin. China, however, this time lining up with the Western countries, says the economy. We can see from the results discussed above, that this is likely driven by their sense that the environment in their country is actually now heading in the right direction.

The fourth insight worth mentioning about the views of Chinese consumers is actually one they share with all the other countries surveyed. The poll question asked what specific activities a company can do to make you think they are green. The top answer in every country is for companies to "reduce the amount of toxic or other dangerous substances in [their]products and business processes." So when thinking about the content of messaging and the nature of green efforts, this is the area to focus on in particular.

The greenest brands

Finally, the last thing worth taking a look at is the actual brands that Chinese consumers identify as the most and least green. Chinese consumer respondents were exposed to 45 top brands from a number of different categories and asked to rate each on its greenness – the same exercise asked of consumers from other countries.

In China, the top brands are largely technology brands. Included in the top ten are Microsoft, Intel, Lenovo, Nokia, Apple and in the top spot, Haier.

TOP 10 GREENEST BRANDS BY COUNTRY

Interestingly, China was the only country with such a tech-heavy set of top 10 brands – only India had a somewhat comparably strong set of tech brands.

In general, the top spots in each country were held by so-called "in me, on me, around me" brands – those that offer products and services related to things consumers put in or on their bodies, such as food and cosmetics. In the U.S., for example, the top 10 brands include Burt's Bees, Whole Foods, Tom's of Maine, Trader Joe's, Aveeno and Publix – a very different set of companies from those in China's top 10. Although the exact reason for this was not explicit in the poll results, it does suggest that there may well be a strong opportunity in China for food and cosmetics brands to better connect with Chinese consumers by tailoring their messages to appeal to the Chinese perspective.

Regardless of the brand, the poll is clear that Chinese consumers are eager for more green offerings, clearer and more reliable green information and messages that better connect with Chinese consumers' own particular take on green issues and greenness in brands. The opportunity could be huge for companies that do it right, and at the moment, not enough companies are.

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