

Going green has selling power, but to a limited extent

Eco-friendly advances do not make customers' other needs disappear

By SHEILA LIVADAS

Besides letting potential customers search for reclaimed and sustainable flooring by color or by how well it will withstand wear from paws, claws or heels, Pioneer Millworks Inc.'s website details what the Farmington firm does internally to reduce its environmental impact.

Yet the firm, which processes more than 1 million board feet of reclaimed wood annually and offers incentives to staffers who drive fuel-efficient cars, does not rely on environmental responsibility to be the lone driver of its sales.

Customers typically regard the products' greenness as an added value or among many factors they consider, says Jennifer Young, a marketing manager for Pioneer Millworks and its sister operation, timber-frame builder and designer New Energy Works of Rochester Inc.

Officials from other Rochester-area companies with green marketing strategies echo Young: Going green does not make customers' other wants and needs disappear, but it can be an important secondary selling point.

Dennis Burdette, corporate sustainability manager for LiDestri Foods Inc., says customers do not buy the Fairport firm's products based on its green initiatives alone. Quality and value also are key differentiators. LiDestri manufactures sauces, dips and salsa.

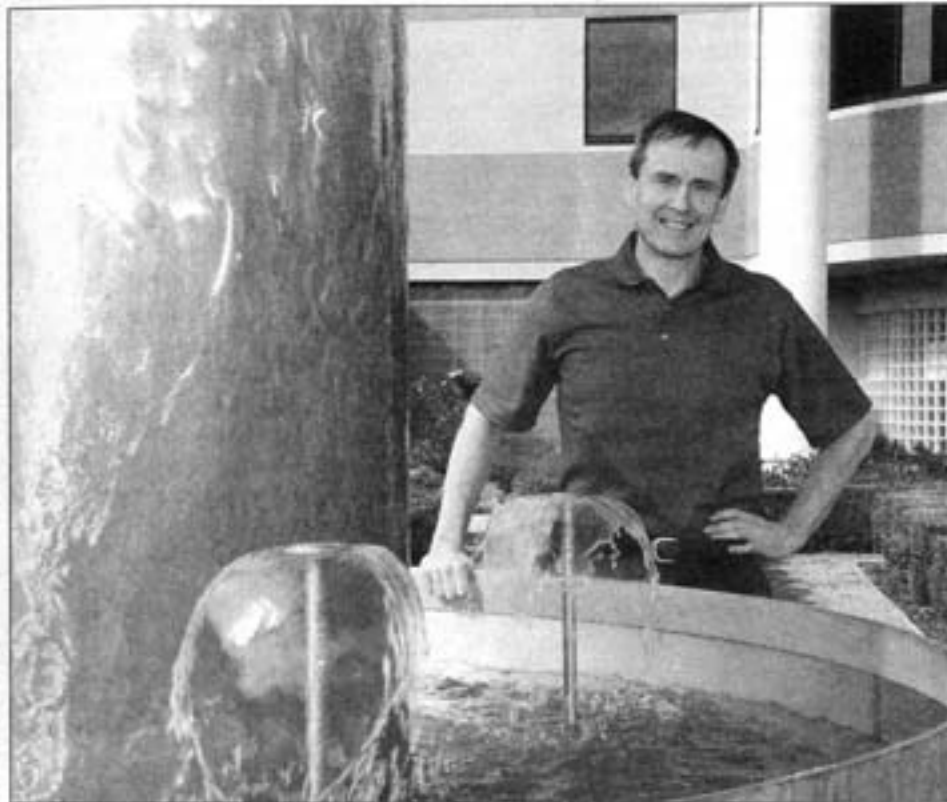


Photo by Kimberly McKinzie

Dennis Burdette, corporate sustainability manager for LiDestri Foods Inc., says customers do not buy the Fairport firm's products based on its environmental initiatives alone.

Yet large food companies that have co-packing arrangements with LiDestri often ask pointed questions about the firm's sustainability efforts, Burdette says. Some of those firms even visit the Fairport site to pore over LiDestri's environmental initiatives in preparation for making green claims themselves.

Urging staffers to share information about LiDestri's latest sustainability efforts

with customers helps keep the momentum going, Burdette says. Those goals include slashing water usage across the firm's facilities by at least 50 percent by 2014 and reusing or recycling 95 percent of raw material waste by 2013. The firm also has an agreement with Wyoming County-based CH4 BioGas LLC, which will combine LiDestri's tomato residue with cow manure to make renewable energy.

Companies embracing green marketing have discovered that its fundamentals do not differ from those of traditional marketing, says George Cook, executive professor of business administration at the University of Rochester's Simon Graduate School of Business. The four p's of marketing—product, place, price and promotion—apply, as does the importance of answering consumers' perennial question, "What's in it for me?"

Firms weighing whether to start green marketing campaigns should remember that women generally make households' buying decisions, Cook adds. Generations X and Y, or even younger consumers, may be the obvious audiences for green marketing, but seniors typically have more spare time to consider purchases and research firms' green claims.

"Without a doubt, not all consumers are tuned into the green marketing environment. ... Many are still buying SUVs and the so-called muscle cars," Cook says.

Roughly three years ago, more major customers at Hammer Packaging Corp. began asking about the firm's sustainability efforts, says James Hammer, president and CEO.

The Henrietta firm, which focuses on producing labels for the food and beverage industry, had offered paper containing recycled content for many years, but customers often rejected it due to cost. Now fewer are backing away from it.

"So we see that the whole (green) movement has got legs this time," says Hammer, whose clients include Nestle S.A. and Dr Pepper Snapple Group Inc.

Internal eco-friendly efforts at Hammer Packaging include recycling 84 percent of its waste materials and supplies companywide,

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reusing shop towels used for cleaning the presses and reducing 100 percent of volatile organic compounds by using ultraviolet and electron-beam curable inks and coatings.

Still, the firm has not landed new major clients solely because of its green efforts.

First and foremost, Hammer says, "They're looking at economics."

To publicize its green efforts, the packaging firm publishes a sustainability-themed newsletter aimed at customers and urges sales and marketing staffers to stay current on those efforts' key points.

"I feel personally that if you don't have (a sustainability plan) going forward, it's going to be a negative," Hammer says.

Sometimes what companies do not do makes all the difference in keeping green marketing humming along, given that "greenwashing," or overstating environmental commitments or efforts, can crush companies' credibility.

To combat greenwashing, the Federal Trade Commission issued guidelines in 1998 for green marketing, allowing the agency to prosecute businesses that make false or misleading advertising claims. Pressing companies to adopt greener practices for consumer protection's sake is not among the FTC's rights.

Spelled out in four parts, the FTC's guidelines require that green marketing claims:

- Are clear, prominent and understandable to prevent deception.
- Are clear about whether the environmental attribute or benefit refers to the product, the product's packaging or service, or to a portion or component of the product, package or service. If a box of aluminum foil, for instance, is labeled "recyclable" without elaborating on whether that refers to the foil or the box, the claim is deceptive if any part of either, other than minor components, cannot be recycled.
- Cannot overstate the environmental attribute or benefit, expressly or by implication.

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■ Adhere to a clear basis of comparison if such claims are made. A shampoo bottle labeled "20 percent more recycled content" should detail if that is compared to the company's prior packaging or to a competitor's product packaging.

The FTC's guidelines also outline parameters for using words such as biodegradable, compostable, refillable and ozone-friendly.

When the FTC releases updated green marketing guidelines later this year, the agency may weigh in on words such as "sustainable" and "carbon-neutral." Some environmental experts predict that the updated guidelines, which have been in the works since 2007, also will strengthen rules for carbon offsets and nullify or call into question hundreds of environmental certifications or seals of approval.

The FTC recently flexed its muscle in cases involving misleading green marketing. One such case in 2009 charged four firms with labeling and advertising rayon products as being made from bamboo fiber. The firms also falsely claimed that the products were biodegradable and retained antimicrobial properties from the bamboo

plant. Three of the companies agreed to stop making the claims, while the fourth proceeded to litigation.

Bamboo figures in Pioneer Millworks' green marketing, but in an unexpected way, Young says. The company dedicates an entire page on its website to the negatives of choosing bamboo as flooring, including its lack of durability and how it has displaced native plants around the world. Pioneer Millworks also has bought online keywords about bamboo that ultimately help direct customers to the firm's website.

Being environmentally conscious is not a silver bullet when it comes to marketing, Young says.

"I still think people are buying flooring because they're going to choose what they like first and then feel good that it's a green product," she says.

LiDestri Foods' Burdette suggests that companies on the fence about sustainability should take the long view and not worry about immediate rewards. If they ignore the green movement, "it's just like playing musical chairs," he says. "Some (firms) will be without a chair when it's all said and done."

Sheila Livadas is a Rochester-area freelance writer.