ENVIRONMENTAL MARKETING: STARKIST TUNA

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AEC 841

5Ps of Marketing
- Person (Consumer)
- Product
- Price
- Place (marketing channels)
- Promotion

Dynamic considerations
- Strategic interaction with competition
- Product Lifecycle
- Barriers against imitation
- Changing environment (consumer, regulatory, technological, macroeconomic etc)
Environmental Marketing

Environmental marketing is making marketing decisions in a context in which environment is an important consideration.

Environmental concern is a new competitive dimension due to:
- Customer concerns
- Competitive actions
- Regulatory actions

But benefits due to green products may be pure public goods

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Green Consumers

- 87% of U.S. adults are concerned about the condition of the natural environment (Phillips, 1999)
- 50% of Americans claim to look for environmental labels and to switch brands based on environment-friendliness (Phillips, 1999).
- Sales of Green products are rising
  - Organic industry sales from $1B to $50B (annual growth rate 10%, while all other food categories are stagnant or dropping
  - Green products as % of new introductions (3%-12%)
- Americans say they are willing to pay for environmental improvement ($0.25/gallon of clean gasoline (60%)!, 5% or more for renewable electricity(48%).
- There is a difference between statements and actual behavior; facts and perceptions
Many Americans claim to care about protecting the planet, but their buying behavior doesn’t always reflect that concern. In a nationally representative poll of 1,000 adults, fielded online between August 13 and 18, 2003, 80% of Americans say that whether or not a product is safe for the environment does influence their decision to buy that product. Yet, despite these claims, only a tad over half of consumers (57%) assert that they buy recycled or environmentally safe products, and a mere 6% regularly bother to research companies’ environmental track records.


Aspiration v/s behavior
Wal-Mart goes organic

Wal-Mart's aisles are growing greener as it doubles the number of organic grocery products it sells and launches its own line of baby clothes made with organic cotton.

Demand for healthy-lifestyle products is changing the product mix at the world's largest retailer and spurring competition at both supermarkets and specialty grocers. Industry watchers say organic groceries are gaining appeal with budget-conscious and affluent shoppers alike.

Wal-Mart has already gone head-to-head with traditional supermarkets to become the top grocery seller. Now it is looking to tackle the estimated $50 billion natural-products industry.

The retail giant will stock more than 400 organic products at its Supercenters and Neighborhood Markets beginning in a few weeks. New items will be added to all categories of food from dry goods to produce, but the number of items sold at each store will vary.

George Baby, the line of organic cotton infant clothes, will follow in June.
HONDA


General Electric:
Ecoimagination

http://ge.ecomagination.com/@v=020220071742/site/index.html#genx/introducti
on
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Contrast-color, 6-oz. Capilene®-treated fleece lines the inside collar; polyester mesh-lined zippered handwarmer pockets double as interior pockets. Wear it climbing, skiing, trekking or dancing. Made in USA.

W'S SYNCHILLA VEST $70.00  sizes: XS-L

colors: (body/collar/webbing) • canyon red solid/burnt sienna (403)
• field green solid/aqua (331) • bright lavender solid (957)
• black heather/black solid (036) • wheat heather/espresso solid (884)
weight: 255 g. (9 oz.)
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We Guarantee Everything We Make. If you are not satisfied with one of our products at the time you receive it, or if one of our products does not perform to your satisfaction, return it to the store you bought it from or to Patagonia for a repair, replacement or refund. Damage due to wear and tear will be repaired at a reasonable charge.

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eco-chic weddings

Simple Tips to Plan an Environmentally
Friendly, Socially Responsible, Affordable,
and Stylish Celebration

Emily Elizabeth Anderson
Shades of Green

**True-blue Greens**
- Environmental activist, leader, strong personal concerns about environment, faith in individual action
- Subtypes: Planet passionates, Health fanatics, Animal lovers

**Greenback Greens**
- Green commitment expressed through willingness to pay for environmental goods and causes. Not likely to be actively involved in time consuming environmental activities. Likely to recycle.

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Shades of Green

**Sprouts**
- Swing group. May participate in select green activities. Will look for green products, but buy only if prices are not higher, will recycle

**Grouser**s
- Don’t believe that individuals can play a role in environmental protection, which is responsibility of corporations and government. Misinformed. Lax environmental behavior. Complain and make excuses

**Basic Browns**
- Not tuned to environmental issues at all. They don’t make excuses. They think environmental issues are not important.
Shades of Green

- True-Blue Greens  11% - 20% -10%
- Greenback Greens  11% - 5% - 5%
- Sprouts  26% -31% - 33%
- Grousers  24% - 9% - 15%
- Basic Browns  28% -35% -37%
[15-20% likely to pay premium, another 25-30% choose green products all else equal]

Involvement In Environmental Activities

Average % across 18 pro-environmental actions, ranging from recycling to contributing money to environmental groups

<table>
<thead>
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<th></th>
<th>Do on a regular basis</th>
<th>Do from time to time</th>
<th>Don't really bother about</th>
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<tbody>
<tr>
<td>Total Public</td>
<td>19%</td>
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<td>59%</td>
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<td>38</td>
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<td>23</td>
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<tr>
<td>Basic Browns</td>
<td>6</td>
<td>13</td>
<td>81</td>
</tr>
</tbody>
</table>
Other Segmentations

- Greener than green, green, light green, un-green
- Visionary greens, may be greens, Hardcore browns
- Dedicated, selective, Impulsive
- Activists(15%), community enthusiasts(8%), Mainstream followers(21%), Hostile conservatives(13%), disillusioned survivors(14%), Privileged bystanders (8%)

Green Products

- Deep-green products
  - New products for informed green consumer
  - Goal is to get a price premium
  - Target: TBGs and Greenback Greens
- Greened up products
  - Established brand products with added green characteristics/claims
  - Goal is to increase/protect market share
  - Likely cannibalization of existing products
  - Target: Sprouts
Green Claims

- **Raw Materials**: Sustainably harvested, petroleum free, all natural, plant based
- **Manufacturing**: Non-polluting, unbleached, pesticide free, organic, not tested on animals
- **Packaging**: Recycled content, recyclable, aerosol free, biodegradable, reusable
- **In use**: Low fume, energy efficient, no CFC
- **After use**: recyclable, bio-degradable,
- **Manufacturer**: Socially responsible, ISO 14K certified, CERES signator
- **Cause related**: 5% profits go to…….

Green Benefits

- Consumer captures partial benefits
  - Health/organic foods
  - Fuel/energy efficiency
  - Less Packaging (lower disposal costs)
  - Possible green premium
- Benefits are pure public good
  - Premium less likely?
  - Depends on segment
**Green Marketing Mix: Price**

- Are customers willing to pay a premium?
- Which customers?
- How much premium?
  - Renewable energy: 24% would pay 2% more, 26% pay 5% more, 20% pay 10% more
  - 73% would pay 5 cents/G for clean gas, 60% would pay 25 cents/G more. [do you believe these?]
- How elastic is the demand?
- Dynamic pricing decisions (introductory)
- Competitive pricing decisions?

**Green Marketing Mix: Place**

*To reach right customers, at right time at affordable cost*

- Channel - Direct, wholesale, retailer, exclusive, mail-order, e-tailing
- Coverage - geography, broad, selective (specialty stores, mass merchants)
- Physical distribution logistics: transportation, warehousing, order processing, inventory control, materials handling
- Post sales service
- Channel incentives
Green Marketing: Promotion
Communicating the right message to right customers at optimal cost

- Promotional strategies: Pull (by customers) v/s Push (by the channel)
- Promotion mix: personal selling, advertising (media mix: TV, magazines, net, billboards, POP), sales promotions, publicity
- Credibility
- Managing the sales force
- Endorsements, partnerships, third party certification

Eco-labeling

- First party
  - Product Related
    - Product claims On product Labels, or In Ads.
    - Cause Related - Proceeds donated to........
  - Corporate Related
    - Cause Related (Company supports WWF)
    - Promotion of Corporate Env Performance (Least TRI, Env spending,)
- Third Party Certification
**Starkist Tuna**

- HJ Heinz: Introduced Dolphin-Safe Tuna (1990)
  - Dolphin deaths due to Tuna catching
  - Dolphin safe tuna was lower quality, more expensive
    western pacific skipjack tuna (with other env damages)
  - Broadly distributed commodity
  - Greened up product
  - Fierce price competition
  - Pure public good benefit
  - Competitors matched immediately
  - Tried limiting competition from dolphin unsafe tuna
  - Finally diluted the legal definition of Dolphin Safe tuna
OTHER DOLPHIN SAFE LOGOS

![Dolphin Safe](image1)
![Greensea](image2)
![Flipper](image3)