



The Power of Green

As manufacturers and marketers launch eco-friendly products in India, green will be the new marketing mantra, predicts **Arun Katiyar**.

In June, Hewlett-Packard released a major campaign in Indian newsmagazines for its desktops with a clear “green” message: the desktops were equipped with chips that lowered power consumption, boasted superior power management, were RoHS (Restriction of Hazardous Substances Directive) compliant and had components produced from recycled materials.

“The Future of Eco-Friendly Computing” said the ad, set in deep green, with a plaintive appeal to “show you care about nature.” With the environment and global warming becoming major concerns, green marketing may soon arrive and eco-friendliness could be the obvious new product differentiator.

But the big question is: Can Indian consumers be influenced by eco appeal? Is it a big enough differentiator to impact a purchase decision? Will consumers be willing to pay a premium on eco-friendly products? The answers, at the moment, appear conflicting. But marketing pundits will be quick to observe that behind the conflict is a clear direction – green will be the new marketing mantra.

Going by Wipro’s launch last year of its GreenWare range of computers that were RoHS compliant (all electrical and electronic products post July 1, 2006, must pass RoHS compliance), you’d not imagine that green marketing could have an impact. Few seemed to have heard of the range, and the fact that it did not carry a premium price tag did not matter either.

But here’s the surprise: the results of GreenFactor, a global survey, conducted by US-based Strategic Oxygen, GCI Group and Cohn & Wolfe, amongst enterprise IT decision makers released in June, showed India as the leader in “green” IT potential. A higher percentage of Indian respondents said they would pay at least a five per cent premium on “green” IT or

“definitely would” increase their preference for “green” IT with proven ROI (return on investment) – or both. Also, 22.3 per cent of the survey respondents who said they would opt for green computing products were from India, with the US following second with 14.9 per cent.

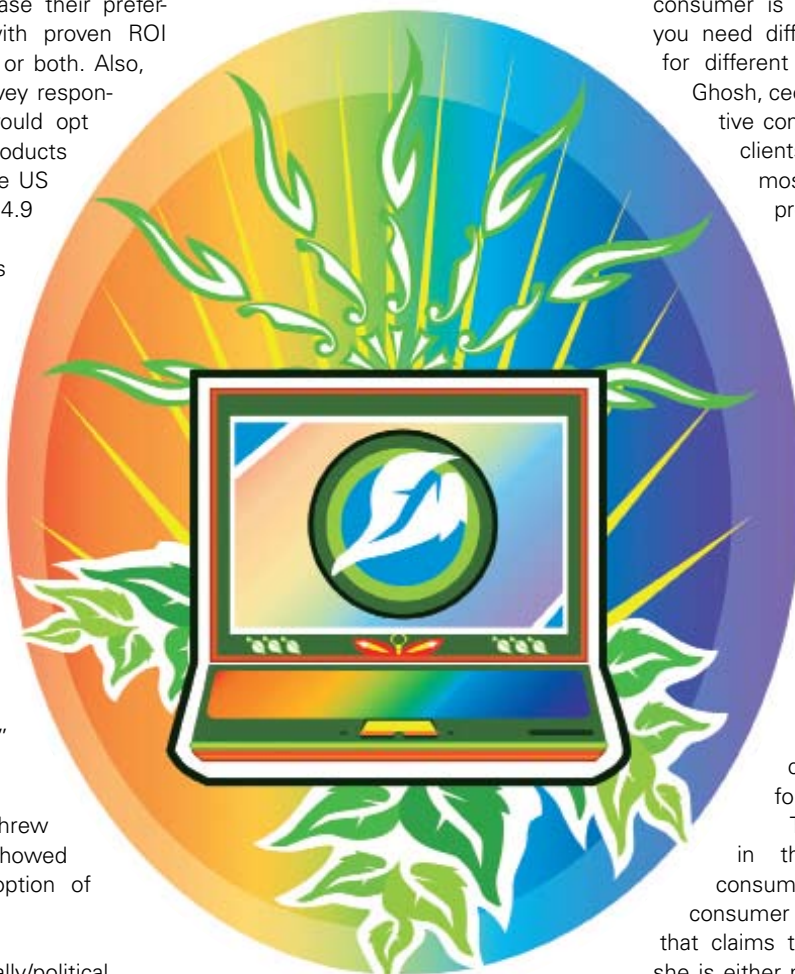
“Initially, it seems counter-intuitive that India would be ‘number one,’” says Paul Walker, president, GCI Group, “but this is a country experiencing a high-rate of IT investment and datacentre growth – coupled with ‘brown outs.’ It makes sense that IT decision makers there would be more sensitive to environmental challenges and increasingly supportive of growing their “green” IT solutions.”

The GreenFactor survey threw up other findings that showed the top barriers to adoption of green IT products were:

- Price (38 per cent)
- Disagreement internally/political (25 per cent)
- Efficiency will not offset costs (22 per cent)
- Brands not convincing us of ROI (18 per cent)
- Brands not promoting importance of “green” products (18 per cent)
- “Green” products not available (16 per cent)
- No impact on environment (12 per cent)

Not surprisingly, these factors show up as barriers for non-IT products as well and make for a good checklist for those intending to use green marketing as a means of creating a differentiator for their products.

Doubtless, “going green” is a strong niche opportunity in the consumer marketplace. The real issue is that green marketing has not lived up to the hopes of managers and consumers. “The Indian



consumer is a heterogeneous unit and you need different marketing strategies for different groups,” says Subhabrata Ghosh, ceo, Celsius 100, a transformative company that has amongst its clients Reva, one of the country’s most environment friendly products.

The Reva electric car not only has zero emission rates but everything in the product value chain is environment friendly. Ghosh should know how difficult it is to go the green route in marketing. “The 15 to 35 age group is the single-largest consumption group in India. In this group, environment issues rank in the Top 3 concerns in life,” says Ghosh. “But either the communication to this group is not convincing or the branding for such products is poor.”

Truth be told, media interest in the environment exceeds consumer interest. And when the consumer is faced with a product that claims to be environment friendly, she is either not able to see the value in the product or suspects the veracity of the claim.

Says Delhi-based management consultant for green technologies, Rajan Chibba: “We need to raise the bar, regulators have to raise the bar and marketing has to raise the bar.” This is perhaps the root cause of the cynicism surrounding green marketing: products are incapable of living up to their claims or are unable to show a direct benefit to the consumer.

On the other hand, companies such as Honda are going ahead with high-end environment friendly products. Last month it released the Civic Hybrid in India through Honda SIEL Cars India (HSCI). “In launching this car, our objective is not to get large volumes or to make a statement. Our objective is to give an opportunity to Indian customers to experience this new technology,” says Masahiro Takedagawa, president and ceo, HSCI. The idea is correct: let consumers experience the

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product before they are exposed to any claims of being environment-friendly.

But it is the season to go crazy. Across the world Fujitsu has launched a laptop with a biodegradable wooden base; mineral water bottles are being made from renewable resources like corn-based plastic; a large tech company is using the heat generated by its data centres to warm a swimming pool; another company has launched a solar-powered Bluetooth handset. Highlighting environmentally friendly processes and products has begun to emerge as a popular way for retailers and consumer-product companies to strengthen bonds with discerning customers. In the US, Home Depot says it uses rainforest-free lumber, McDonald's has begun to use biodegradable Big Mac wrappers, and Body Shop uses eco-

friendly raw material. Produce of Heaven, a consortium of premium food and wine producers and farmers from Australia will soon be launching its pure, clean, green products in India through premium hotels and retail outlets.

"We want to bring to the Indian market clean, green food, which is exceptional in taste," notes Produce of Heaven director, Mark Baker.

Adds Mathew Anthony, vice-president, Rapp Collins, the direct marketing arm of Mudra Communications: "You can see that in a market crowded with parity products, green is becoming a differentiator – but only for the evolved consumer."

The need is to ensure that the green message percolates to the masses. For marketing departments across the country, that is the real challenge. 🌱

'SOME BRANDS SHINE MORE, SOME COUNTRIES CARE MORE...'

'GREEN' products are not only important for the environment, they are potentially profitable. According to the first global 'green' enterprise IT study released by Strategic Oxygen, GCI Group and Cohn & Wolfe, over 70 per cent of global respondents said they 'probably' or 'definitely' would increase their preference for a brand's 'green' products, if they were convinced of the positive impact on the environment and business.

And 60 per cent of the respondents said they would expect to pay a premium for 'green' products.

"The bottom line is that 'green' IT marketers are going to have to be really smart about how they go to market," says Paul Walker, president, GCI Group. "They need to target the right countries and the right 'green advocates' in the C-suite with credible value propositions. We're excited about GreenFactor because it provides a strategic roadmap for getting it right."

The GreenFactor surveyed over 3,500 enterprise IT decision makers, including cxos, cios, IT managers and line of business managers in nearly a dozen nations.

India emerged as the study's leader in 'green' IT potential, as a higher percentage of respondents in the country expect to pay at least a five per cent premium on "green" IT or "definitely would" increase their preference for "green" IT with proven ROI – or both.

The remaining countries fell progressively further behind India due to a tendency to lean strongly toward either an expectation to pay at least five per cent more or stating they would definitely prefer "green" with proven ROI – but rarely both.

In fact, buyers in some of the largest economies and B-to-B markets for technology are not convinced they would prefer "green" even if its ROI could be proven, notably Japan and Canada. Conversely, IT buyers in Mexico are more likely to prefer "green" if the ROI is proven, but are unlikely to pay a premium.

When the data is cut to view respondents that satisfy both conditions – expect to pay at least a five per cent premium on "green" IT and "definitely would" increase their preference for it with proven ROI – India remains the

leader in "green" IT potential by a wide margin:

- India (22.3 per cent)
- U.S. (14.9 per cent)
- Mexico (13.9 per cent)
- UK (12.9 per cent)
- France (12.3 per cent)
- Australia (11.9 per cent)
- Brazil (8.4 per cent)
- Canada (eight per cent)
- Germany (7.9 per cent)
- Japan (6.4 per cent)
- Italy (4.8 per cent)

Nearly two-thirds of all respondents in Mexico (63 per cent) and more than half of respondents in Italy (58 per cent) and Brazil (57 per cent) expect to pay the "same" or "less" for "green" IT.

On the other hand, about two-thirds of all respondents in Japan (71 per cent), the US (66 per cent) and India (66 per cent) expect to pay some level of premium.

A handful of IT companies were perceived by the decision-makers and IT influencers to be most associated with 'green' technology. They include Apple, HP, Microsoft, IBM, Intel, Sony and Dell.