



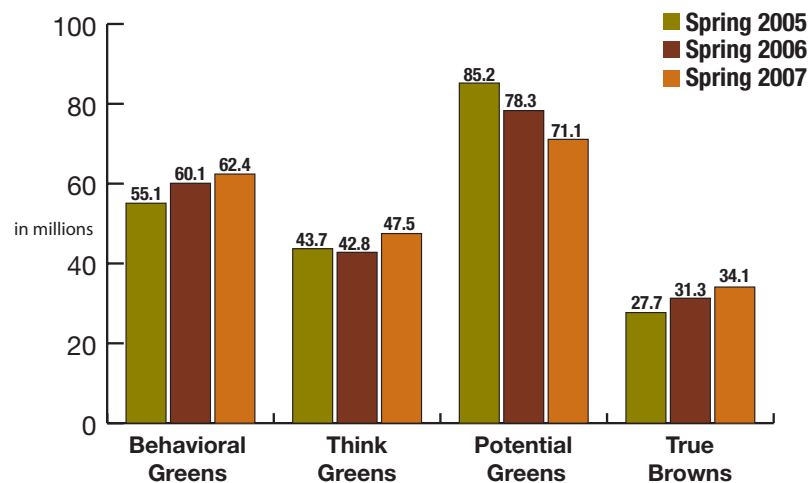
**Be Green, Be Aware,
Be GreenAware**

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Overview

Green is good; being aware is being responsible. With a projected worth of \$500 billion for 2008¹, the green marketplace is growing, as the environmental movement becomes increasingly mainstream. Recent mass market commercial successes like Al Gore's Oscar-winning *An Inconvenient Truth* has escalated general population awareness and given a new urgency to calls for increased environmental sustainability. Corporate America, to varying degrees, has ramped up the implementation of a range of both internal initiatives and external market offerings to find the best way to convert this increasingly influential consumer value into positive bottom line impact.

According to Simmons GreenAware, a segmentation system based on environmentally-relevant measurements; over the past two years, the number of Behavioral Greens, consumers with the most environmental attitudes and behaviors, has increased by 7.3-million. These green consumers now consist of 62.4-million adults and represent 29% of the total adult population. Behavioral Greens currently outnumber True Browns, the least environmental and most distrustful of green causes, by a ratio of nearly 2:1.



Simmons NCS/NHCS: ADULT FULL YEAR SPRING 2005 – SPRING 2007
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This paper will seek to address the following important and elusive question that many companies need to answer before implementing green initiatives: *What does it mean to 'go green,' and how do I go about reaching green consumers?* To address the first part of the question, we used several data sources and reports from the popular press and customized market research. And with the introduction of GreenAware, a green segmentation targeting system from Simmons Market Research Bureau, companies can now easily reach and communicate with these valuable green consumers.

¹Simmons press release "Sow Your Targeting Seeds with Green Consumers," November 6, 2007

Who's Going Green? Green-friendly Fortune 500s

The pressing question for most companies is less about whether it's a good idea to go green, but rather how to do the right thing AND do the right thing from a shareholders' perspective. According to a 2006 February press release by The Corporate Social Responsibility Newswire, 81% of consumers indicate they are likely to switch to a brand to support a cause (if price and quality are equal). Companies from The Home Depot to ConAgra are going green, and more will do so in the future to win the wallets of consumers as well as achieve positive publicity.

More than three-quarters of companies listed in the S&P 100 Index have special sections of their websites dedicated to their social and environmental policies and performance, says the Social Investment Research Analysts Network. That's a 34% increase from last year, when 59 companies shared such information on dedicated web sections.²

A large percentage of people who are involved with their company's or employer's business purchases hold environmental beliefs that pertain to recycling, pollution, and company ethics in general:

Agree	% of U.S. Professionals Involved with Business Purchases Within Last 12 Months			
	\$5,000+	\$10,000+	\$100,000+	\$500,000+
IT IS IMPORTANT COMPANIES ACT ETHICALLY	77%	80%	78%	75%
PRODUCT PACKAGING SHOULD BE RECYCLED	62%	64%	62%	62%
I MAKE A CONSCIOUS EFFORT TO RECYCLE	57%	58%	58%	56%
PEOPLE HAVE A DUTY TO RECYCLE	53%	55%	55%	54%
PEOPLE HAVE A RESPONSIBILITY TO USE RECYCLED PRODUCTS	51%	51%	52%	52%
I AM WORRIED ABOUT POLLUTION CAUSED BY CARS	50%	53%	54%	55%
ID PAY MORE FOR ENVIRONMENTALLY-FRIENDLY PRODUCTS	38%	41%	42%	41%
I BUY PRODUCTS THAT USE RECYCLED PAPER	37%	38%	37%	38%
WE SHOULD BAN PRODUCTS THAT POLLUTE	34%	35%	34%	36%

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Perhaps the biggest company to publicly launch a green initiative is the retail giant, Wal-Mart. With over \$60 billion in annual sales, Wal-Mart's environmental efforts began in 2005, and have the potential to make a significant impact on the environment.³ Most recently, Wal-Mart has announced that it will begin to measure the amount of energy used to manufacture and distribute some of its products, and it will launch a pilot project with certain suppliers to look for new ways to cut their energy use.⁴ The effort will begin with suppliers in seven product categories: DVDs, toothpaste, soap, milk, beer, vacuum cleaners, and soda. Partnering with the non-profit group the Carbon Disclosure Project, Wal-Mart will use the organization's expertise to set up the new program with its suppliers. Additionally, Wal-Mart has launched a series of television commercials that focus on eco-friendly consumer offerings such as compact fluorescent light bulbs and organic clothing.⁵

² Monitoring corporate "green" practices is getting easier. (FOCUS ON FINANCE) (Brief article) Wollenberg, Yvonne Chilik ,18 August 2006, Medical Economics

³ www.msnbc.msn.com/id/9815727

⁴ www.msnbc.msn.com/id/20976217

⁵ www.msnbc.msn.com/id/18297361

Manufacturers across all product ranges are trying to gain consumer goodwill through association with environmentalism and green values. Aveda, a unit of Estée Lauder makeup, known for its natural approach to beauty products, uses recycled paper in catalog production, encourages customers to return empty bottles to be recycled, and donates to various sustainable causes, such as the Organic Trade Association.

Ice cream maker Ben & Jerry's is also well-known for its environmental activism and dedication to charitable causes. Recently, the company has expanded its green focus by using fair trade vanilla in its products and test marketing organic ice cream.

Going Green Can Boost the Bottom Line

Despite the lack of subsidized green technologies in the U.S. as compared to much of Western Europe resulting in more pricey environmentally sustainable solutions over traditional options, the bulk of companies appear to have at least started on the green path.

Rising energy costs alone have driven companies to explore ways to reduce overall consumption, and it's not just limited to oil. Electrical power consumption is at "the tip of a melting iceberg for an IT industry that is currently unsustainable," warns research firm Gartner (www.gartner.com). Large organizations spend between 4 and 10% of their IT budget on energy, with a projected fourfold increase over the next five years. Organizations tackling more efficient energy usage have reaped significant cost savings, said Gwen Ruta, director of corporate partnerships at Environmental Defense.⁶

"DuPont set a goal to reduce its greenhouse gas emissions by 40% by the year 2000, and it received a reduction of 72% by 2004," reported Ruta. "They avoided a cost of more than \$3 billion."

Similarly, BP saved more than \$15 billion simply by scaling back its green house emissions.

Rupert Murdoch's News Corp., which encompasses Fox News, the New York Post and soon the Wall Street Journal, has recently announced an initiative to become carbon neutral by the year 2010. If successful in this endeavor, the impact on the climate will be substantial, according to environmentalists. "[The impact] isn't small," said Kert Davies, the research director for Greenpeace. "Their footprint is 641,150 tons of carbon. That's the equivalent of taking 130,000 cars off the road." Davies further states, "Murdoch will make more money because energy efficiency is a great way to make money -- you're saving money by preserving energy," said Davies. "You're going to save money which means making money."⁷

Green initiatives are also sprouting up on the software side. In August, RedPrairie (www.redprairie.com), a leading consumer-driven optimization company, announced a green initiative to create programs and provide education to companies to help them reduce the environmental impact of their supply chains. It's worth noting that RedPrairie is also the first supply chain technology provider to be accepted as an Affiliate member of the Environmental Protection Agency's SmartWaySM Transport Partnership, which was established to promote the reduction of greenhouse gas emissions and improve the efficiency of ground freight transportation. John Jazwicz, president and CEO of RedPrairie, said: "We are committed to our green strategy, including delivering solutions that are conscientious of the environment and programs to educate and enable employees. Through more efficient transportation, storage and packaging of goods, companies can significantly reduce dioxide emissions, wasted packaging, paper, and energy consumption."⁸

⁶ www.abcnews.go.com/Technology/TenWays/Story?id=3587669&page=1

⁷ www.abcnews.go.com/Technology/TenWays/Story?id=3587669&page=1

⁸ www.ferret.com.au/c/RedPrairie/RedPrairie-announces-Green-Supply-Chain-Initiative-n674877

Going Green Boosts Brand Image

A raft of companies has found rapid growth by centering their business model on sustainability. Avid outdoor sportsman Gary Erickson started **Clif Bar** 15 years ago when he couldn't find an energy bar that was both healthful and flavorful. Now with 170 employees and \$150 million in revenue, Erickson has been working with a staff ecologist since 2001 to reduce Clif Bar's environmental footprint. Among the changes are shifting to organic ingredients, eliminating shrink-wrap (that saved 90,000 pounds of plastic and \$400,000 annually), and supporting a wind farm to offset fossil fuel usage. In 2005, Clif Bar hired a full-time "sustainability manager," who is conducting an in-depth audit of the business's environmental impact. Based on the manager's findings, the company has moved its warehouse from Reno to Los Angeles, closer to its bakeries, and switched its truck fleet from diesel to biodiesel, which creates 75% fewer greenhouse gas emissions.

In 1968, when a small group of University of Michigan students decided they wanted to eat healthful, chemical-free foods, the students' only option was to work with local farmers to start a food co-op. That grew rapidly into a retail store, and then a distribution system after the students started grinding and bottling their own nut butters and vegetable oils. Thus was born Eden Foods, one of the oldest natural food companies in the country. With 130 employees and \$75 million in annual revenue, Eden Foods partners with over 300 family farms representing over 40,000 acres of organic farmland.

Seventh Generation, one of the first makers of green consumer products, has seen annual growth of 30 to 40% to reach revenues of over \$60 million. Seventh Generation is the nation's leading brand of non-toxic and environmentally safe household products. "Our name is derived from the Iroquois belief that "In our every deliberation, we must consider the impact of our decisions on the next seven generations," notes CEO Jeffrey Hollander.

Gary Hirshberg turned a seven-cow organic farming school in New Hampshire into **Stonyfield Farm**, the third-largest yogurt brand in the United States. While sustaining a compounded annual revenue growth rate of over 26%-five times the industry average--Stonyfield Farm has stuck to its roots, using organic milk and natural ingredients and donating 10% of its profits to earth-friendly causes. At the same time, Hirshberg has invested consistently in a host of energy-saving practices--building, for example, the largest solar photovoltaic array in New Hampshire, a move that has saved the company more than \$1.7 million in energy costs over the past six years. Along the way, the company has amassed annual revenue of \$250 million. (It is now 85% owned by Groupe Danone; Hirshberg and Stonyfield's 400 employees own the rest.) Notes Hirshberg, "Back when we started the company and we talked about organic farming or decreasing our climatic footprint, we were largely dismissed as wacko. Now we know that green means green, there's real money to be made."

Collins Cos. has employed responsible forestry practices since the 1940's. The Portland, Oregon-based company, which owns some 300,000 acres of land in California, Oregon, and Pennsylvania, has never clear-cut a forest and has always left old-growth trees intact where possible. But after observing a wave of anti-timber protests in the early 1990s, senior vice president Wade Mosby decided that wasn't enough. So in 1993, Collins became the first company in North America to seek and win certification from the Forest Stewardship Council, an international organization that reviews the long-term viability of forests. Working with the FSC has meant letting outsiders dictate policy in some big ways--as when one of the company's forest managers was obliged to take courses on wildlife biology. On the other hand, FSC certification landed Collins' hardwood products in big-boxers like Home Depot. It also led the way for cost-saving innovations in operations, including a waste-auditing system that allows Collins to use sander dust in its particleboard products, saving hundreds of thousands of dollars a year.⁹

⁹ www.inc.com/magazine/20061101/green50_pioneers.html

Going Green Leads to New Talent

Going green not only helps the environment, but it may also benefit companies in recruiting new employees. Eco-friendly businesses will most likely have an advantage over their competition when it comes to hiring the intelligent young people in today's market. ¹⁰

A survey by Harris Interactive discovered 33% of Americans would rather work for a green company compared to a business that does not try to encourage socially and environmentally friendly methods, according to Challenger, Gray & Christmas Inc., a global outplacement organization. The survey also found that 52% of employed adults believe their companies should do more to help the environment.

"High oil prices, instability in the Middle East, and the threat of global warming have made the environment the cause celebre of the new millennium, particularly among younger generations X and Y," said John A. Challenger, the chief executive officer of Challenger, Gray & Christmas.

"As employers struggle to fill positions amid rock-bottom unemployment, those who underestimate the recruiting power of being green could be making a serious mistake, especially considering that recent surveys indicated a growing number of Americans want to work for an environmentally conscious company."

In a 2006 poll by Mortgage Lenders Network USA, 72% of working women and 64% of men were found to have a strong fondness for green employers.

"A decade ago, a workplace was eco-friendly if it simply kept a recycling bin in the break room," said Challenger. "Today's environmentally conscious workers are more demanding. A company is not even considered green unless it makes a significant commitment to reducing its impact on the environment, from the products and services it offers to the way it heats and cools its offices."

¹⁰ www.bendweekly.com/Business/Career/5673.html

The Government and Going Green

The U.S. Environmental Protection Agency offers the green power partnership to persuade organizations to purchase green power. According to the EPA Web site, green power is a way to decrease environmental impacts from conventional electronic use. Green power sources produce electricity with zero anthropogenic emissions, according to the site.

Fortune 500 Companies such as Starbucks, Wells Fargo and Johnson & Johnson are buying into the green power partnership.

The EPA lists a few positive features of the partnership:

- Reduces air pollution.
- Meets environmental objectives for organizations.
- Distinguishes your organization's brand in the marketplace.
- Produces positive publicity.

Ultimately the partnership can lead to significant cost-savings. A Florida-based manufacturer, Lighting Components and Design, saved \$10,300 on its annual utility bill, according to Challenger, Gray & Christmas. The company switched to a more resourceful heating, ventilation and air conditioning system by using ceiling fans, putting in low-flow toilets, using water-saving taps on the faucets and more. ¹¹

Small Businesses Go Green

Small businesses have discovered that environmentally friendly products and services offer a very lucrative and rapidly growing niche. Many company owners use environmentally friendly cars, recycle materials and buy biodegradable office supplies because they care about what happens to the environment. It also makes good business sense, making their companies more competitive and giving their employees something to be proud of – having a significant positive impact on employee morale. ¹²

¹¹ www.bendweekly.com/Business/Career/5673.html
¹² www.enn.com/top_stories/article/6406

Recent data from Simmons shows the rising trend of small businesses going green. Among small companies (under 100 employees), the proportion of employees who are Behavioral Green has grown five percentage points in two years – from 22.5% of small company employees in Spring 2005 to 27.6% in Spring 2007. Concurrently, the proportion of small company employees who are Think Green has remained steady at 19%-20% while Potential Greens has declined from 43% to 36% and True Browns have remained relatively flat.

Employees by Company Size	BEHAVIORAL GREENS		THINK GREENS		POTENTIAL GREENS		TRUE BROWNS	
	SPRING 07	SPRING 05	SPRING 07	SPRING 05	SPRING 07	SPRING 05	SPRING 07	SPRING 05
Small (<100 employees)	27.60%	22.50%	20.00%	18.90%	35.70%	43.30%	16.80%	15.30%
Medium (100-499 employees)	26.30%	24.10%	21.80%	18.80%	33.90%	44.10%	18.00%	13.10%
High (500+ employees)	27.90%	23.90%	23.60%	21.00%	30.00%	41.00%	18.50%	14.10%

*Simmons NCS/NHCS Adult Full Year
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The shift towards environmental attitudes and behavior among small-company employees is paralleled by the shift in environmental attitudes and behavior among the business owners and partners who employ them. Among the 3.9-million business owners and partners across the U.S., the vast majority of whom (94%) run small companies of under 100 employees, an increasing percentage are becoming Behavioral Green as well, while the proportion of business owners and partners who are True Brown is on the decline. Consequently, Behavioral Greens outnumber True Browns among owners and partners of businesses. Between Spring 2005 and Spring 2007, the percentage of business owners and partners who belong to the Behavioral Green segment has increased 6.1 percentage points. The most recent data reveals that nearly three out of 10 (27%) business owners and partners belong to this most environmental group. Concurrently, the percentage of business owners and partners who are True Browns, in contrast, has declined 2.7 percentage points. Only 17% of business owners and partners are True Brown according to the most recent Simmons data.

Business Owner or Partner	BEHAVIORAL GREENS		THINK GREENS		POTENTIAL GREENS		TRUE BROWNS	
	SPRING 07	SPRING 05	SPRING 07	SPRING 05	SPRING 07	SPRING 05	SPRING 07	SPRING 05
Horiz. %	26.90%	22.50%	20.00%	18.90%	35.70%	43.30%	16.80%	15.30%
Index	93	80	134	128	81	83	105	148

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W&M Properties, a New York-based real estate company with a construction affiliate, has switched its fleet of more than 25 pickup trucks to hybrid Ford Escape cars. President Tony Malkin explains, "they pay for themselves in the fuel savings" and noted that the old pickups' mileage was "appalling." W&M also runs recycling programs in the buildings it manages. "You're using less landfill space, and it's product that can be used again in the future," Malkin said, and "people want to do business in an environmentally sustainable fashion and we are at a competitive advantage by moving the needle toward green." Malkin said his company is using more green practices because "the current way of doing business is destructive."¹³ Mark Mandel, co-owner of Mark Drugs, a Roselle, Illinois pharmacy, said his business recycles even though the local government doesn't have a recycling program. "It's an extra effort, but we feel it's important to be conscientious about the environment," he said. Mandel said paper from computer printouts is sorted, with blanks pulled out, saved and reused. His company hasn't needed to buy prescription pads since it started recycling. He also finds it's good for morale. "The staff realizes you are concerned," he said, and noted that the good feeling generated by his attitude filters down to their interactions with customers. "Everyone takes a team attitude," he said. The company plans to construct its own building in the future, and Mandel said it will be a green building.¹⁴

Floorworks, a Toronto-based hardwood flooring manufacturer, sells green products. Their wood comes from forests that have been approved by the Forest Stewardship Council, a group that aims to manage forests in an environmentally friendly way. Co-founder Brian Greenberg said the company also donates a percentage of its profits toward the replanting of rainforests since the company is committed to fighting the deleterious effects of climate change. "One of the problems we can address through the sale of our products is to be involved with reforestation." Greenberg also notes his company has thrived by selling flooring that is protected by oil instead of polyurethane, but that's protected by oil. This stops plastic particles from going into the air, he said.¹⁵

The Greenhouse Grille, a Fayetteville, Ark., restaurant, sells organic food and uses as many environmentally friendly products and services as it can find. Clayton Suttle, a co-owner, said he and his partners have eaten organic food for years because of its health benefits, and "when we were looking into opening a restaurant, it just kind of carried over. We're trying to go as much so-called green as we can," he said. The partners weren't sure from the get-go that their concept would work. But organic food has become very popular in their area, and the fact that local organic farmers were selling their meat and produce to the restaurant has helped.¹⁶

¹³ http://www.enn.com/top_stories/article/6406

¹⁴ http://www.enn.com/top_stories/article/6406

¹⁵ http://www.enn.com/top_stories/article/6406

¹⁶ http://www.enn.com/top_stories/article/6406

Consumers Want Green

According to consumer research from Simmons, nearly three out of four consumers (74%) believe that company ethics are important. Over six out of 10 consumers (61%) believe product packaging should be recycled and half of consumers (50%) agree that it is consumers' responsibility to use recycled products. Nearly four out of 10 consumers (37%) say they would pay more for a product that was environmentally friendly.

Agree	% of U.S. Adults Age 18 +
IT IS IMPORTANT A COMPANY ACTS ETHICALLY	74.2%
PACKAGING FOR PRODUCTS SHOULD BE RECYCLED	61.4%
I MAKE A CONSCIOUS EFFORT TO RECYCLE	58.2%
PEOPLE HAVE A DUTY TO RECYCLE	53.0%
I AM WORRIED ABOUT POLLUTION CAUSED BY CARS	50.5%
PEOPLE HAVE A RESPONSIBILITY TO USE RECYCLED PRODUCTS	50.4%
I BUY PRODUCTS THAT USE RECYCLED PAPER	38.3%
WOULD PAY MORE FOR ENVIRONMENTALLY-FRIENDLY PRODUCTS	37.1%
THE GOVERNMENT SHOULD BAN PRODUCTS THAT POLLUTE	36.5%
I BUY RECYCLED PAPER PRODUCTS	34.9%

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One of the prime consumer motivations appears to be the feel-good factor in doing the right thing for the planet. A recent study by the firm EnviroSell indicated that people of all educational backgrounds and income levels now read labels to find out exactly what they're spending their money on.¹⁷

One of the biggest issues in the green marketplace is that these pro-green attitudes of consumers don't necessarily translate to buying behavior. An example of the gap between intention and actions can be seen in the following two data sets. The general population, as measured by the Simmons *Spring 2007 national* database of 25,375 adults, is quite positive above green issues: "I make a conscious effort to recycle" (58%); "I'm worried about pollution caused by cars" (51%); "The government should ban products that pollute" (37%), and "I would pay more for environmentally-friendly products" (37%).

¹⁷ <http://www.ecomall.com/greenshopping/greenconsum.htm>

Bringing Customers Closer By Making It Easier For Them To Go Green

As more companies join the green movement, the products and services they provide will help convert those consumers who may only be thinking green but not acting green. Organizations proactively extending their range of products or services to cater to this growing segment often find that they can reach new prospects, often a more affluent segment of shoppers and generate higher profit margins in addition to added revenue. In fact, over half of affluent consumers are green consumers:

Behavioral or Think Greens	
	% of Affluent Consumers (Horizontal %)
<u>Personal Income:</u>	
\$50,000+	55%
\$75,000+	55%
\$100,000+	54%
<u>Personal Income:</u>	
\$75,000+	53%
\$100,000+	54%
<i>NCS/NHCS: SPRING 2007 ADULT FULL YEAR (MAY 2006-JUNE 2007) ©SMRB 2007</i>	

As increasing number of consumers become willing to put their money where their mouth is in terms of supporting environmentally sustainable products and services, it gives companies an opportunity to create profitable competitive advantage by delivering products and services against this need. The move need not be absolute. NBC Universal, for example, has moved cautiously towards a more green positioning with their corporate theme of “Green is Universal” - a week-long program to educate viewers about issues affecting the environment.

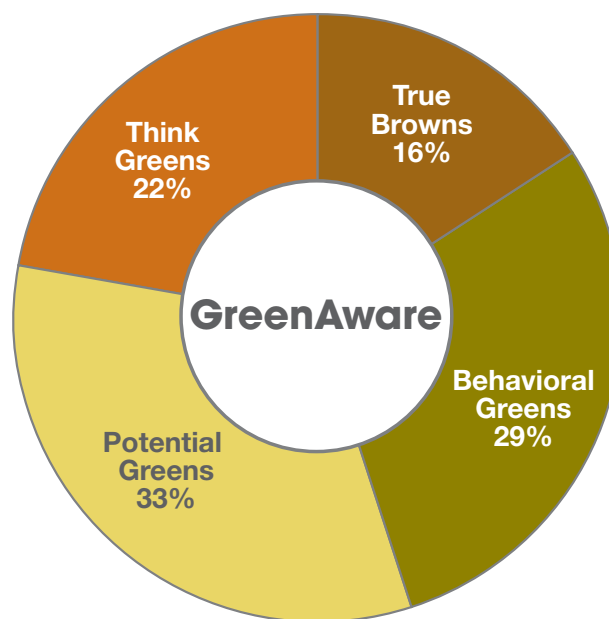
The increased importance of being able to identify those consumers who are willing to either pay more or expend more effort in keeping their buying behavior consistent with their green attitudes creates a huge demand for more granular segmentation and targeting. Which consumers are only thinking green? Which consumers are actually acting green? Who will be the most receptive audience for a green message or a new greener product or service?

To answer these questions, look no further than GreenAware™. Simmons, a part of Experian Research Services, has now launched GreenAware™ - a comprehensive consumer segmentation system which draws from a selection of over 60,000 data variables to give marketers a deeper understanding of the real bottom line potential in the green segment.

GreenAware™ profiles include not just behavior but also attitudes, opinions, lifestyles and media usage. Based on the distinctive mindset of consumers towards the environment, they can help marketers better understand how distinct consumer segments will react to and behave in response to green messaging and buying choices.

The Simmons GreenAware Segmentation profiles include attitudes, opinions, lifestyle, buying behavior, and media usage. Based on the distinctive mindset of consumers towards the environment, better understand four distinct consumer segments:

1. **Behavioral Greens:** This group of people thinks and acts green, holds negative attitudes toward products that pollute, incorporate green practices on a regular basis.
2. **Think Greens:** This group of people thinks green but does not necessarily act green.
3. **Potential Greens:** They neither behave nor think along particularly environmentally conscious lines, and remain on the fence about key green issues.
4. **True Browns:** This group of people are not environmentally conscious, and may in fact have negative attitudes about green movement.



Source: Simmons NCS/NHCS Spring 2007 Adult Full Year

To capitalize on this powerful consumer segment, call Angelika Kaprelian today at 212-863-4580 or email angelikak@smrb.com