

Beware the Pitfalls of the Green Branding Push



By Joseph Gelman and Francisco Pinedo

Companies are likely to be increasingly concerned about making their strategies environmentally compatible for two reasons. First, ever-tougher rules are being put in place that affect certain industries, and second, consumers concerned by the environmental impact generated by the products they buy are changing their behaviors.

Today, legislative restrictions are having the greatest impact on businesses' "green" policies, and these could send some industries to the wall. San Francisco, for example, has just banned the use of plastic bags in its supermarkets and drugstores. In China, where 3 billion bags are used every day, a similar ban applies to very thin plastic bags.

On a different front, Spain has aligned its car license tax to vehicles' levels of CO₂ emissions, with a dispensation for automobiles that emit less than 120 grams per kilometer driven. This has led some brands to jump on the green bandwagon, establishing their products or their entire brand as eco-friendly. Essentially, they are trying to convince consumers that their automotive brands are eco-friendly when, in fact, transportation is responsible for 21 percent of greenhouse emissions worldwide.

Advertising around "eco-friendliness" has helped boost sales for Renault and Toyota in Spain in the short term (even though we believe this year's sharp growth in environmentally-friendly models relates more to purchasers' savings on the license tax). Still, the risk of associating automotive brands to green values is a serious one.

One risk is that these brands are associating themselves with an emotional value (we are "green"), which is simply unfeasible. Partially reducing the negative impact of these products does not make them environmentally safe, nor does it redeem the category as a whole. Even hybrid cars obtain their energy from highly polluting power stations.

A second risk is posed by the differentiation factor. If most brands in the category focus on environmental friendliness, over time, this value will become an ante instead of a differentiator. In this context, brands that use value as one facet of their offer, while maintaining a significant differentiation of their product, will be better positioned than those that have taken it on as the central plank of their strategy. Still, a winner is certain to emerge from the fray, and that will be the brand that has truly embraced the green factor. To date, that would seem to be Toyota.

The final risk lies in mitigating the reaction of different

environmentally concerned groups to eco-friendly claims by the auto brands: Claims falling short of reality can provoke a backlash against the brand. To date, no environmental groups, regulators, or user associations have raised an outcry over this situation, but it could well change. A serious, orchestrated and well-funded campaign articulating the genuine polluting power of cars—even when they meet the emission guidelines—could have disastrous consequences in terms of customer perceptions and global reputation.

Outside of Spain, the paradigm is already starting to shift. In Norway, advertisers are banned from describing their goods as green, clean, or environmentally friendly in category advertisements. In fact, Norway's Consumer Ombudsman has declared that cars cannot do anything for the environment but damage it less. And at the end of 2008, a Toyota Prius campaign was withdrawn from the UK market as it was considered to mislead buyers over the vehicle's "green" credentials.

Although Spain hasn't reacted similarly, consumers who believe they are being "treated like fools" by the car manufacturers have begun to air their grievances on the Internet. A parody of a Renault advertisement on YouTube is as popular as the original spot.

The environmental claims of the automotive brands teach us two things. The first is that brands are built on more than simply messaging. If a brand promises something, it must be able to deliver. The second is that the emergence of environmental questions is more than an issue for the reputation or communication manager. It's a movement with the potential of shaking the very foundation of many industries, and requires addressing in a much more coordinated and strategic manner.

Marketers must define how to bring eco-messaging into their strategy, decide what place it will occupy, and how to incorporate it into other purchase factors that may be more relevant to their customers. Auto manufacturers can build cars that consume less gas without having to state that the brand is "green"—especially when the only really environmentally sound thing for a consumer to do is not to own a car and to take the subway.

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