

Green Brands 2.0

An ImagePower® Survey

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Landor

 Penn, Schoen & Berland
Associates, Inc.

C o h n  W o l f e

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Purpose

As the world begins to understand the consequences of our actions on the environment over the last several centuries, we are starting to place a sharper focus on the issues surrounding what is commonly referred to as “green.”

In a similar study conducted just a year ago, a great part of the population did not understand, or care about, the concept of green. This year’s study, however, demonstrates that consumers have heightened awareness and are looking to corporate America for answers.

This survey explores Americans’ perceptions of green practices in business – be they right or wrong - gauges their level of involvement in improving the state of the environment, and identifies which brands they think are best at being green.

Key Findings

Green is no longer a marginalized issue in the United States

The resounding conclusion of this survey is that the American population no longer views the issues surrounding green as the concern of a small number of environmental fanatics living on the outskirts of society.

Green has become an issue for all Americans. In addition higher awareness, they are changing their individual behaviors to contribute to the solution.

As green becomes more personal, consumers expect demonstrations of similar commitment and concern from corporate America, the media and the government.

Who cares?

In the United States, the most active segment of the population is the young urban and suburban female. We call her Jen.

Jen can be found anywhere in the United States - from major cities like New York City and San Francisco, as well as in Dallas or Des Moines. She understands that her efforts at being green translate into all aspects of her life and she is committed to doing her part to protect the environment for the long haul.

Jen represents the national average income of about \$50,000. She recycles in order to help reduce the need for landfills, disposes properly of hazardous household chemicals and supports laws to reduce water pollution.

20% of the Jen population is divorced and 75% choose friends like herself with a similar mindset and interest.

Global warming is the biggest issue

One might assume that corporate America has gone overboard in jumping on the green wagon, and is at risk of over-communicating its intentions to contribute to a solution for global warming.

However, 40% of Americans see the biggest problem today as global warming. The rest of the population blames contributing factors like pollution and over-consumption of energy.

Of particular concern to the American public are issues surrounding chemicals, waste and emissions. To help curb the risk of damage, Americans are making changes in their lives including proper disposal of hazardous materials, purchasing products made of recycled materials, bringing their own paper bags to grocery stores and driving cars with reduced fuel emissions.

Americans blame themselves for global warming

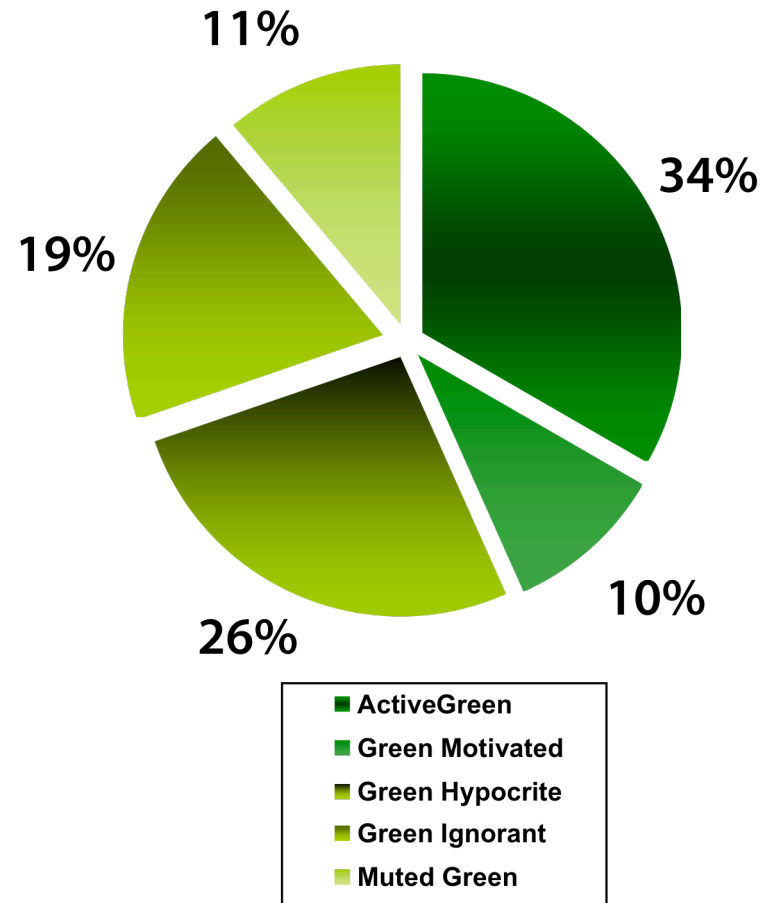
20% of the American population has raised its hand to take the blame for global warming and have identified others like themselves as part of the problem.

Additionally, more than 50% believe society is on the wrong track to effectively protect the environment; moreover, less than 1 in 4 of us thinks society is doing a “great” job to protect the environment

Two levels of involvement

After exploring the overall population, we probed more deeply on specific attitudes and behaviors, and we were able to discern five shades of green. At the extremes of the spectrum are:

- Active Green
- Muted Green



Active Green

34% of Americans identify with the idea that taking care of the environment is society's responsibility, but are extremely disappointed in our progress to date.

This group is doing everything it can to make a long term positive impact on the environment. It can be found washing cars by hand, carpooling, and walking or taking public transportation in an effort to reduce its fuel emissions.

Additionally, when it comes time to go shopping, Active Green Americans are more likely to purchase products made with recycled materials as often as they can, and they bring their own bags or use paper bags for grocery shopping.

Active Green

continued

When asked what industry has done the best job in the last five years to protect the environment, Active Greens identified home appliances as the leader.

Active Greens are dissatisfied with the progress to curb global warming and believe the federal government (70%), the media (37%) and large multinational organizations like the United Nations (50%) can do better. However, 73% believe non-government organizations like Greenpeace and Sierra Club have made the greatest strides at protecting the environment.

This group knows what it's talking about and has recommendations on the actions companies can take to be greener, including reducing emissions and recycling.

Muted Green

11% of Americans are not convinced that the environment is in trouble and believe society and private industry are already taking sufficient steps to improve global warming. Because, in the eyes of the Muted Greens, the United States is seemingly on the right track, they make the minimum effort to support environmental change.

Muted Green people are three times as likely to buy cars that are strong enough to haul heavy loads or travel on all terrains. They drive these cars to work and school, and when it comes time to wash them, they use car washes.

When at the grocery store, this group typically prefers plastic shopping bags, and purchasing products made from recycled materials is an afterthought.

Muted Green

continued

Muted Greens identified automotive and oil/petroleum as the two industries that have done the best job at protecting the environment in the last five years.

Additionally, Muted Greens are satisfied with how non-governmental organizations, society and private industry are managing global warming. However, they think large multinational organizations like the United Nations are doing a poor job.

29% of this population can not identify the steps a company could take to be green.

Can't we all just get along?

Though different in some of their perceptions surrounding global warming, Active and Muted Green people do have some shared interests.

For example, both groups fault population growth as the primary driver of global warming. Additionally, when it comes to products that interact with the body or are ingested, both groups try to purchase products that do not contain harmful chemicals. Whole Foods, the brand identified as the greenest, has reaped the benefit of this trend, as have other top green brands like Wild Oats, Trader Joe's, Aveda and the Body Shop.

Can't we all just get along?

continued

To control their energy consumption, both extremes will spend more to purchase energy saving household appliances like stoves, refrigerators and microwaves, and both value fuel efficient vehicles, presumably due in part to rising gas prices. As a result, companies like GE and Sub-Zero, which offer energy efficient products, were identified within the top 10 greenest brands, as were Toyota and Honda with fuel-efficient and hybrid vehicle offerings.

Green makes good business sense

Investing in developing green product alternatives may seem out of reach for many corporations, or perhaps an investment with very little return, but this survey indicates otherwise.

Having a green presence in most consumer goods categories, including appliances and computers, positively alters consumer perceptions. They often perceive these products to be of higher quality, particularly in the food and personal care industries.

Importantly, consumers who have not previously considered green to be a reason to purchase a product indicate they will consider environmentally-friendly alternatives the next time they are shopping in a category with alternatives. This finding offers corporations that already have these products in market a premium price positioning and an opportunity to expand their franchise by attracting non-users.

Category leaders as change agents

Over the last several years, few corporations took the initiative to invest in developing green alternatives. Among these pioneers are brands like Whole Foods, The Body Shop and BP, which were once considered for a niche audience. These brands have quickly become mainstream, and have both attracted new users and created competitive pressure within their respective categories. For example, Whole Foods quick expansion put pressure on other grocery stores to offer organic alternative, but it retains a 23% market share in the natural food category.

In other words, entering a category with the first sustainable green offering may have been newsworthy at one time, but it has now become a cost of entry.

Recommendations

Catch up!

While the federal government has yet to implement any national guidelines to combat the effects of global warming, several states have taken the lead in implementing local regulations. Subsequently, the issue has grown in importance and relevance to regional consumers and corporations.

For categories like travel, online technology and petroleum, brands need to catch up. Specifically, they need to assess the impact their business practices have on the environment and develop alternative solutions to neutralize their footprint.

Sustainability, from end to end

This survey proves that there is a demand for green products in the marketplace, so any corporation offering them is smart, but shouldn't rush to market until first considering the back-end.

As this age of transparency continues, brands must ensure that the technologies and business practices they participate in are also sustainable. What's the point of creating a hybrid vehicle if the carbon emissions from the factory making it are off the charts?

As the green playing field is leveled and the green alternatives are abundant, expect consumers to request a peek under the hood to understand how a company brings its green products to market. If those practices aren't sustainable, too, marketing alone will not suffice.

Brand teachers

As the Body Shop, BP and Whole Foods did when they entered their respective categories, companies should be front and center to inform and educate customers about green issues and how a brand is making a difference.

More than just touting products as the best in market, companies need to make a commitment to partner with their customers to protect the environment. Let them know you are not just offering lip service; your commitment to this cause is long-term and one that your brand is making priority number one in a differentiated way.

Charts

Top 10 U.S. Green Brands



Greenest brands within industries

1		Grocery	6	 i n v e n t	Technology Hardware
2		Appliances	7	 SOUTHWEST™	Travel
3		Body Care	8		Online Technology
4	 TOYOTA	Automotive	9		Petroleum
5		Retail			

Top 5 green brands

Active Green

1 **TRADER JOE'S**

2



3



4



5



HONDA

Top 5 green brands

Muted Green

1



2



3



4



5



TOYOTA

U.S. Survey Methodology

Penn, Schoen & Berland Associates, Inc. conducted 1504 interviews on the internet among US general population between April 6 and April 8, 2007

Respondents were screened to meet the following criteria

- Age 18 and over

Gender, age and region was weighted based on US census information

Respondents rated only the brands that they were familiar with

Margin of error among total sample is +/-2.5% and is higher for subgroups

About Us

About Landor Associates

Founded by Walter Landor in 1941, Landor pioneered many of the research, design and consulting methods that are now standard in the branding industry. Partnering with clients, Landor drives business transformation and performance by creating brands that are more innovative, progressive and dynamic than their competitors.

Landor's holistic approach to branding is a balance of rigorous, business-driven thinking and exceptional creativity. Its work spans the full breadth of branding services, including brand research and valuation, brand positioning and architecture, naming and writing, corporate identity and consumer packaging design, branded experience, brand equity management, brand engagement and digital branding.

With 22 offices in 17 countries, Landor's current and past clients include some of the world's most powerful brands, such as BP, Cathay Pacific, Delta, Diageo, Emaar Properties, FedEx, Frito-Lay, Hyatt Hotels, the City of Hong Kong, LG Group, Microsoft, Numico, Procter & Gamble, PepsiCo and Telefonica.

Landor is part of WPP, one of the world's largest global communications services companies. Please visit www.landor.com for more information.

About Penn, Schoen & Berland

Penn, Schoen and Berland Associates (PSB) has nearly 30 years of experience in leveraging consumer opinion to provide clients with a competitive advantage, or more simply - providing clients with Winning Knowledge™.

PSB brings an extensive network and unique knowledge base to bear on communications issues. PSB uses experience and global reach to deliver unrivaled business and political insights.

PSB executes polling and message testing services in over 70 countries for Fortune®500 companies and major political campaigns to develop brand positioning, guide successful advertising campaigns, generate favorable publicity, and advise in crisis management decisions.

About Cohn & Wolfe

Cohn & Wolfe is a strategic marketing public relations agency dedicated to creating, building and protecting the world's most prolific brands. With offices in the U.S., Europe and China, the agency creates and implements powerful communications programs that help clients build their brands and their bottom lines.

The core areas of expertise include consumer, healthcare, technology and corporate communications. Cohn & Wolfe ranks number one by clients for creativity, media placement, client service, senior management and strategic counsel. Cohn & Wolfe also consistently ranks among the top "Best Agencies to Work For" in an annual, industry wide employee survey. For more information, visit <http://sfo.cohnwolfe.com>.

Spokespeople

Russ Meyer

Chief Strategy Officer



Russ Meyer is the Chief Strategy Officer at the San Francisco office of Landor Associates. He leads and assists in finding solutions to brand strategy and identity problems. Clients have included Charles Schwab, The Walt Disney Company, Hewlett-Packard, Procter & Gamble, Intel, PepsiCo, Microsoft and Andersen Consulting. Meyer has also leveraged Landor's expertise in mergers and acquisitions to assist in the creation of identities for high-profile mergers such as BP/Amoco/ARCO, Bell Atlantic/GTE, Shell Oil/Texaco/Saudi Refining and Compaq/Digital/Tandem.

In his prior role as Director of Verbal Branding and Naming, Meyer assisted clients with branding and marketing strategies, as well as creative naming development and nomenclature work. He managed programs for clients such as Andersen Consulting, Apple Computer, AT&T, Bayer, Electronic Arts, Lucent Technologies, Microsoft, Philips Electronics and Rockwell International.

Meyer has been quoted in *Advertising Age*, the *New York Daily News*, *BusinessWeek* and *CMO* magazine, and has appeared on CBS's MarketWatch and KPIX's CBS5 Evening News in San Francisco. He has been a guest lecturer on branding at the University of California's Haas School of Business and is the coauthor of *Beyond the Fourth Wall: Marketing for Non-Profit Theaters*.

Tom Agan

Managing Director



Tom Agan is Managing Director of the New York office of Penn, Schoen and Berland. Tom has extensive experience working on a wide range of marketing, branding and reputation issues for organizations such as Harrah's, RIM, Pitney Bowes, Siemens, Cisco, UBS, BP, IBM, Boeing, Citi, GE, Wyeth, P&G, Toyota and many others. For Toyota he worked on marketing and branding of hybrid vehicles and for BP on the marketing and branding of their large solar business as well as hydrogen fuels.

Tom was the key architect behind UBS's transformation into a top 50 global brand. In addition, he led the team that developed a highly successful small store format for Sainsbury's, a major supermarket chain in the UK. Tom launched the European practice of Prophet, a leading brand strategy consulting firm, which within a year generated 40% of the firm's revenue.

Tom has been widely quoted in the press including the *Wall Street Journal*. He has been interviewed on PBS and the BBC. In addition his articles have been published in *Advertising Age*, *BrandWeek*, *Automotive News* and *CMO Magazine*. For the Harvard Business School Tom has written a case study on professional services firms and a white paper on changes in the consulting industry.

Annie Longsworth

EVP & Managing Director



Annie Longsworth is Executive Vice President and Managing Director of the San Francisco office of Cohn & Wolfe (C&W). She has 15 years of communications experience including editorial positions with national business and technology publications, and marketing communications for dozens of start up and public companies. Annie is the senior counselor to Chevron Global Lubricants and American Express and is actively involved with the marketing programs of Fabrik and Mixercast. Additionally, she oversees the day-to-day operations of the office.

In March 2007 Annie launched a global Sustainability practice entirely devoted to communication strategies around the topics of sustainability, alternative energy and environmental strategy. As a “Green Wolfe” Annie was an integral part of American Express’ Partners in Preservation program, which was designed to build awareness for the need to protect our history. She also participates in an annual Green Survey with Landor that gauges consumer perceptions and insights on environmental issues and brands.

Prior to C&W, Annie was Vice President of Corporate Development and Accounts Services at Wilson McHenry Company. In this position Annie was responsible for the strategy and execution of global PR programs for clients including Pioneer Electronics, Micron Electronics, Acer America, CBSsportsline.com, Steiner Leisure Spas and Rambus. She began her career as an editor, working for *Inc.* Magazine and a variety of Ziff Davis publications.

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