



GREEN MARKETING IMPLEMENTATION - CALL TO ACTION

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Introduction

In 2010, Dovetail Partners published a Green Marketing article titled, “Growing Sales in Growing Markets¹.” The article pointed out that for many companies trying to participate in the “green economy” green marketing might be the first time they truly attempt to introduce a new product or address an entirely new market. That same year we also published “Marketing as a process – Not Voodoo²,” which suggested a process by which an organization can coordinate its marketing activities to enhance the likelihood of a program’s success.

Herein we address “Green Marketing Implementation” and recommend some important activities that are essential to a program’s success. We also provide several publicly available examples of how organizations have addressed the sometimes-confusing product adoption process.

The most important takeaway from this report is that there is a *critical sequence of events that needs to occur for a successful marketing* outcome that results in revenue growth. Activities that occur “out-of-sequence” are the cause of unnecessary or excessive expenditure of resources and often lead to an all-too-common focus by the customer on price as the only product attribute of merit. In this report we suggest some simple guidelines—the 3-Ms, 4-Ps, and 5-Ss of marketing—as a means to optimize your resources and maximize the effectiveness of your marketing activities.

Alphabet Soup – the 3-Ms, 4-Ps, and 5-Ss of Marketing

Although not perfect in every situation, the following sequence is appropriate for a vast majority of markets, products, and situations. As a simple mnemonic we have described these as the 3-Ms, 4-Ps and 5-Ss of Marketing. In general, the key to gaining the right sales (profitable ones) from the right customers (e.g. ones that pay) at the right time (e.g. when you can provide it) is an organized marketing process. The overall approach to the marketing process is to define the **Market** you are trying to sell to, the **Marketing Mix** you are going to use to attract those customers, and the **Message** you are going to use to get customers to adopt your product. *These are the 3-Ms of our marketing process.*

Markets

As mentioned earlier, the fundamentals of marketing were discussed in a previous article, so we won’t dwell on the details here. But, to summarize, the first M - **Markets**, is defined as groups of people with the willingness and ability to buy your product that have definable distinguishing purchasing characteristics. In most instances “everyone” is not a market for your product. The biggest challenge for many companies is the process of defining exactly what customer they are actually after. For many this feels limiting and risky. *The key to this is to recognize that you are not restricting whom you will do*

¹ Available at: <http://www.dovetailinc.org/files/DovetailGreenMktg1010.pdf>

² Available at: <http://www.dovetailinc.org/files/DovetailMktgProcess0910.pdf>

business with, but rather carefully selecting whom you are going to invest money in going after. Given limited resources, you want to go after the kind of customer you are most likely to be successful with; that is one that you can serve really well, appreciates what you do, and is a match for your products, services, and values.

The market could be as big as everyone in the United States; although numerically and geographically quite large, seeking to appeal to this market would allow you to do your promotion in English. Moreover, Americans have a number of very definable characteristics. Alternately, you could refine your market further and target everyone within five hundred miles (a VERY common starting point) or define all businesses of a certain kind within five hundred miles as your core market. Alternatively, you might define your market by many other measures, e.g. all hunters in the United States. The key to maximizing chances of success is to define the market clearly.

The second step is to divide the market into homogeneous segments, or customers that have very similar characteristics. In marketing lingo, a segment is often referred to as a group of people that are likely to have a similar reaction to your marketing mix. A good segment is one that is likely to react positively to your marketing mix. In the green marketplace, a good market segment is one that is seeking (or perceives benefit from) the kinds of green attributes your organization can provide. An example might be that, if the market you are after is all fishermen in the United States then three unique segments might include people that enjoy fly fishing³, bass fishing, or deep sea fishing. Although all enjoy certain similarities and have some product purchases in common, you might need separate marketing approaches to the three groups depending on exactly what you are trying to sell and how closely you need to align your organization with that segment.



Third you prioritize your segments and pick key targets. In the above example, if you are trying to sell pickup trucks that have a heavy duty towing package, you might decide that bass fishermen make better targets than either fly fishermen (who don't necessarily use boats) or deep sea fishermen (whose boats may be too big to haul around). Fishermen in general may still be a good overall market for pickups, and all three segments offer realistic opportunities (and you don't turn down orders from any of them), but bass fishermen might be the highest priority target segment. With regard to targeting, it is important that there be a clear and definable prioritization of the types of benefits valued by each target segment.

³ Source of picture is: <http://www.naturalretreats.com/virginia-hot-springs/vacation-rentals.php>

Marketing Mix

Once you have selected your target segment(s), you next want to define the second of the 3 Ms, the Marketing Mix, or simply “**Mix**.” *Each target segment may require its own unique marketing mix, or at the very least unique variations, to be successful!* The Marketing Mix is marketing language or jargon for the set of core programs that marketers use to define the tools used to attract and retain customers. *Here we use the second, and more common memory tool, the 4-Ps to describe these four tools. The **four P’s** are:*

- **Place** – the marketing channel, which includes those individuals or organizations between you and the end user (e.g. manufacturer’s representative, distributor or retailer)
- **Product** – the bundle of perceived benefits the customer pays you for
- **Price** – the strategy you use to gain the greatest combination of volume and value
- **Promotion** – the methods and tools you use to get your information in front of the customer in a manner that gets them to buy the product

Place

It is valuable to think of these as a sequence as well. That is, once you have a target audience identified, you want to define the channel or **Place** through which you will reach your end customer. Each channel member will likely have additional and often independent benefits they seek from your product. Common differences are packaging and credit terms.

Product

After you have clearly defined the channel you can refine the benefits you can provide with your **Product** to meet both the channel member’s and target’s specific needs. For example, let’s suppose you make wooden baseball and/or softball bats, and you identify your market as baseball players and your target segment as professional baseball players. The benefits a professional baseball player might seek from a small custom wooden bat maker might be wooden baseball bats customized to a specific length, weight, shape, and species for each individual. Other benefits might be the expertise to try different bat characteristics specific to the user’s size, strength and swing along with a detailed knowledge of the rules and requirements of major league baseball. The channel member on the other hand may have specific needs as well in terms of packaging (e.g. how many bats to a box? Are the bats packaged per player? By team? Or both?). Or they may expect special credit terms for holding an inventory of boxed bats available on demand for the end user. Channel members generally have a number of their own unique needs.

Price

Once you have clearly defined the full extent of the product you are selling you can then develop your **Price** strategy. A company’s pricing strategy is often the most neglected component of the marketing mix. Common strategies include:

- Penetration – a low price approach designed to grow market share (volume)
- Premium – a high price strategy based on unique features such as copyrights, patents, or innovation
- Competitive Bid – an approach based on the assumption that there are a number of suppliers relatively equally capable of providing the benefits the customer seeks

Many companies assume that a “competitive bid” approach means that the customer treats all benefits equally and that the bottom line cost is all that matters. Indeed many quoting processes start that way. But in reality this is rarely true. Each individual purchaser and each individual company has a priority list of benefits of which price is generally a top 4 item, but is rarely the number one item. That is true for marketing in general, and in Green Marketing as well. It is vital to understand the customer’s priority list and to price the attributes of your product separately based on the priority of the benefits perceived by the customer.

With a bit of thinking it is possible to identify product attributes that are highly competitive, but also some that are much harder to create while at the same time valued by customers. For example, suppose a customer requests a wood cabinet that is environmentally friendly, and that “certified wood⁴” for that cabinet costs the company an additional 15%. For the past twenty years it has been common for makers of products like this to price this greener version AT LEAST 15% (often 25% or even 50%) more than for the traditional version, with the common result that the customer decides the green one is too expensive and buys the traditional version. This is an example of a complete failure of a company’s pricing model and a missed opportunity for the company to take advantage of a customer’s clear declaration of a high priority benefit that the supplier is not fulfilling. The outcome of this mistake is a less satisfied customer than otherwise might occur and a significant missed opportunity to make more money on the sale!

To illustrate a better approach to pricing, in the case of the cabinet, the cost of the wood in the manufacture of a cabinet is generally less than a third the actual selling price of the final product. So an increase of 15% in the wood cost reflects an increase in the final product of just under 5% (15% times 33%). *Thus any price you can get above 5% more for the “greener” version is gravy.* So, for your typical job shop (e.g. fixture company, custom woodworkers or the like), if the green cabinet were offered for 7-8% more, providing exactly what the customer wants for a minimal up charge, this would reflect an increase in net profitability of almost 50% (assuming the company has a net profit of 6% annually). Of course, if your net profit is less than 6% this has an even bigger affect!!

Don’t Forget the Sales Pitch!!

“Why yes our cabinet is environmentally friendly: the wood is even certified by independent sources as coming from sustainably managed forests, thus protecting our future generations...and it only costs a few % more than our competition who can’t make that claim!”

⁴ Certified wood refers to wood certified by an accredited certifying agency such as the Forest Stewardship Council or Sustainable Forestry Initiative, as coming from sustainably managed forests.

Let's look at a more-detailed comparison for clarification:

	<u>Product #1</u>	<u>Green Version</u>
Wood Cost	\$99 (33%)	\$114 (up 15%)
Labor & Other Materials	\$120 (40%)	\$120 (same)
Overhead	<u>\$66 (22%)</u>	<u>\$66 (same)</u>
Total Cost	\$285	\$300 (up 5%)
Selling Price	<u>\$300</u>	<u>\$324 (up 8%)</u>
Profit	\$15 (5%)	\$24 (up 60%!!)

So, companies that have been assuming they need to charge *at least* the % additional cost of the wood for the total product, and not getting the business (or not getting it as a green version) have been missing a HUGE opportunity to have a significant affect on their bottom line. This example is also true for ALL BENEFITS that the customer ranks as a very high priority, green or otherwise. Good pricing programs value individual benefits carefully and recognize that there are certain attributes of a product that are very competitive, and some that are not. Distinguishing between them and pricing accordingly is critical to profitability.

Promotion

The fourth **P** is Promotion, and is the activity most commonly thought of as the exclusive realm of marketing. The dominant components of promotion are Advertising and Publicity. Generally, advertising is something you pay for and publicity is something you get for free. In practice, companies may spend a large amount of money getting "free" publicity, but those costs are generally internal using existing resources such as people's time and talent.

Advertising today can be broken into at least the following categories:

- Print (Newspapers, Magazines, Brochures, Flyers, etc)
- Electronic Media (Radio, TV, Smart Phone, Internet, etc)
- Human (Personal Selling)

Publicity is generated by activities such as sponsoring events such as little league teams, races, and charities or by contributing articles to newspapers and magazines.

Once you know your target segment, the channel you are using to reach them, have a clear definition of the benefits you are selling, and a pricing strategy, the advertising approach is defined by the message that you want that method to carry.

Message

The purpose of a company's promotional activities is to get the company's Message (3rd M) to the Target segment. The purpose of the company's Message is to get the customer to buy (or adopt) the company's product(s) on a recurring basis. To achieve this, the company's messaging must lead the customer through the Product Adoption Process.

The 5 Stages (5 *Ss*) of the Product Adoption Process are:

- Stage 1: Create Awareness
- Stage 2: Build Interest
- Stage 3: Support Evaluation
- Stage 4: Encourage Trial
- Stage 5: Reinforce Adoption

The message at each of these stages is slightly different for critical reasons.

Stage #1: Awareness

To make someone truly Aware of your product as a possibility for them requires you to address the issues associated with *filters*.

People, especially Americans, are excellent at filtering marketing messages. We are exposed to hundreds if not thousands of marketing messages daily, so we have learned to ignore them with great skill. Thus, not only is it important to expose your target through the right venue, it is imperative that your message get through your audience's filters to be successful. These filters include:

Selective Exposure – Basically where are they when they see your message? For customers seeking the benefits of “green” this is a very important consideration. The biggest fear of environmentally conscious consumers globally is green washing⁵. Thus the qualifications and quality of the messenger are critically important. The question you must answer is how do you get your message in front of potential customers so that they are likely to interpret it as you desire (e.g. is your message appearing to them in the bathroom of a bar? On a highway billboard? Or at an organic Cooperative?). Selecting the location to expose your message is linked to your choice of channel, but may also be supplementary or complementary to that choice.

Selective Attention – Once you have chosen your venue you now need to stimulate one of your audience's senses (sight, smell, sound, taste, or touch) to get their attention. Most often this is done through images (sight) but it is common to use music (e.g. jingles – sound) as well. Specific businesses such as grocery stores may rely on smell (from the bakery) and taste (free samples) to stimulate business on certain products. Upholsterers often rely on touch by providing samples of different fabrics that people can see and touch to get an idea of the proposed product.

Selective Comprehension – An important ingredient of good marketing is that the reaction to the senses leads to the target's understanding that this reflects a benefit of the product. This is particularly important in green marketing as organizations often use images to portray products, and those images are subject to differing interpretation depending on the audience. It is quite important, therefore, to test marketing images with sample members of your target audience prior to implementing them in a full-scale marketing effort. As an example, for many years a very reputable forestry organization had a picture they used as part of their information campaign of a man and his dog in a

⁵ National Geographic Greendex Survey 2010

beautiful forest looking at a big tree. From the company's point of view the image showed a normal person and his companion looking lovingly at the beauty of the forest and the great tree. When environmentalists were asked about the picture they had a very negative response. They assumed that because the man was wearing a plaid shirt and a hard hat he was sizing-up the tree for cutting. The goal of good imagery is to clarify the company image and carry a message that you want the target segment to understand about your company.

Selective Retention – The most important part of the Awareness stage is that you want the target to come away from the interaction with the recognition and memory of the experience such that they can imagine buying a product from you when they need it, even if it is not at the present time. So, for the grocery store example you might want the customer to interpret the luscious bakery smells such that they decide to come back on the weekend to buy the special baked items they need for their weekend event.

It is also important at the Awareness stage that you don't try to do too much. Pushing a product too hard at this stage, when the customer may not be ready to buy, can create a negative reaction that may completely offset any or all of the good you may have otherwise created.

Good examples of companies building awareness of their products or certain aspects of their company abound on the Internet. A quick search of any major company will find they have invested significant marketing effort in ensuring their website follows the product adoption process fully.



For example, Apple Computer Company provides a good example of the process, starting with the Awareness stage of Marketing. In September 2011, Apple had the above image as the focus of its homepage.

Apple took advantage of what they know about the key characteristics of the people that go to that site, based on an advanced understanding of the desired benefits of those interested in the MacBook Air. They were thus able to highlight those critical ones in this message that is designed to get the attention of those customers that may eventually buy one.

Stage #2: Interest

Once a potential customer is aware of your product as a realistic possibility for them, your next goal is build their interest. To achieve this, the marketer must have a greater understanding of the details of the benefits desired by the target segment to have an accurate effect. The following example from the second page of the Apple website, linked to the above Awareness example, illustrates the slight increase in detail Apple chose to highlight to its target audience based on its understanding of the group's desires.



Examples of information that can be used to understand the benefits the target segment might find attractive include: what demographic segment are they part of, what other common interests or behaviors do they have, or are they part of any particular green segment (e.g. purchasers of organic food). All these provide clues to the target's interest. Additionally, there is no better approach than to ask them, particularly if introducing a new product to existing customers.

Similar to the awareness stage, a critical point in the Interest stage is that you don't try to provide information more quickly than the target's demonstrated level of interest. As an example, too often organizations jump to pricing when the customer just isn't that interested yet. Often customers ask pricing questions specifically as a way to quickly filter a product from their option list. Thus marketers must be careful to not react to these requests with too detailed a response. "Ball parking" a selling price at this point is ok as long as it is made clear that it is necessary to know exactly what is wanted before you can become too specific; this is a good point at which to indicate that you can and will adapt your product, and price to the customer's specific interests.

Stage #3: Evaluation

Once a client starts asking questions of comparison, either to other products or other companies, they are likely to be in the Evaluation stage of the product adoption process. Here the primary goal is to be sure that the options and ramifications for price are clear. There is virtually nothing more likely to hinder a sale than a lack of clarity. *Benefits that are not clear do not exist.* It is also at this stage that numbers become a more critical factor (e.g. price, dimensions, or performance characteristics). Up until this point in the process data is as likely to be a negative factor as it is a positive.

The screenshot shows the Apple Store website for MacBook Air. The page is titled "MacBook Air - Buy MacBook Air notebook computers - Apple Store (U.S.)". The navigation bar includes "Store", "Mac", "iPod", "iPhone", "iPad", "iTunes", and "Support". The main content area is divided into two sections: "Select your 11-inch MacBook Air" and "Select your 13-inch MacBook Air". The 13-inch section is highlighted with a yellow circle. Below the 13-inch section, there is a table with technical specifications for the 11-inch and 13-inch MacBook Air models.

Technical Specifications	11-inch MacBook Air	13-inch MacBook Air
Display	11.6-inch (diagonal) high-resolution LED-backlit	13.3-inch (diagonal) high-resolution LED-backlit

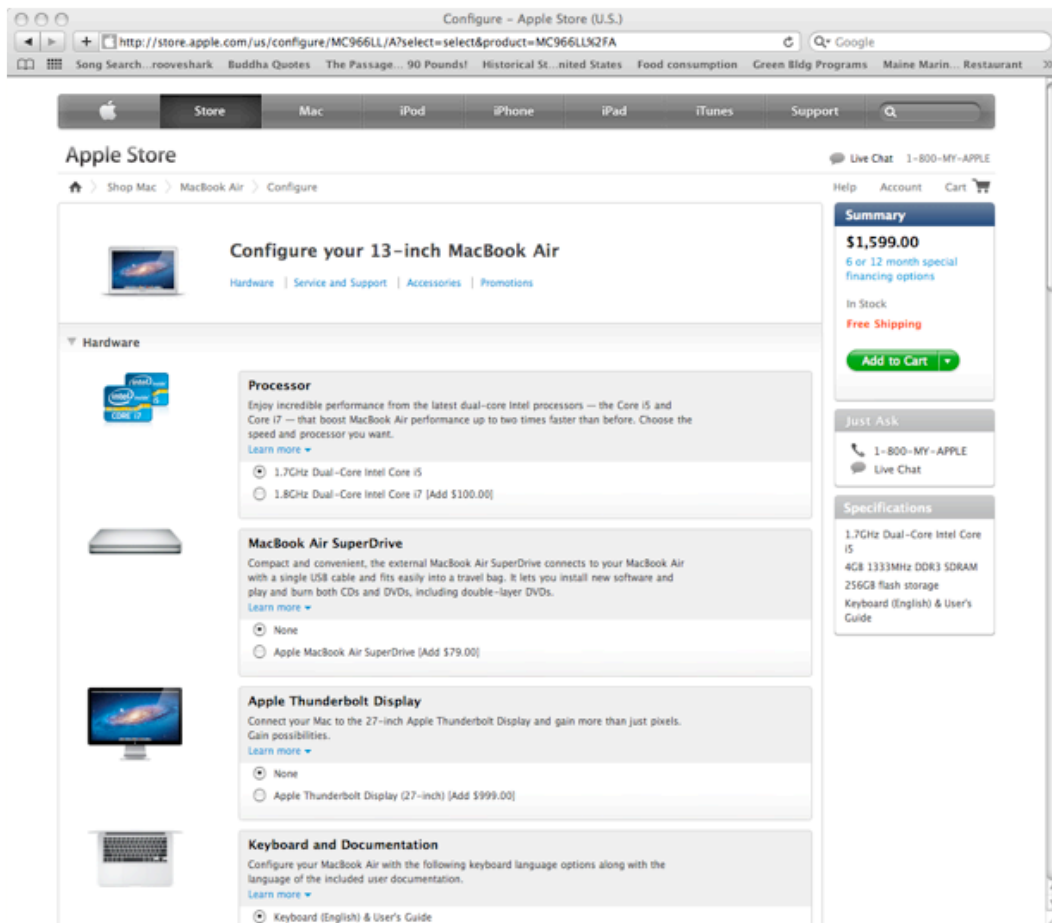
The above figure is a continuation of our Apple example with the third page, the evaluation stage, of the website (yellow circle of emphasis has been added).

At this point it is important that you not only understand the interests of your target, but also the options provided by both you and your competition. For example, on the evaluation pages of their websites insurance companies and cell phone providers often will provide detailed comparisons, attribute by attribute, between both the options within their own company, and between their company and the competition.

Clearly, the more you can get the target to make comparisons within your company (i.e. choosing from your options) rather than between you and the competition the closer you are to having a sale. Also it is important to remember here that people purchase benefits, not attributes, so be sure you portray not only the attributes of your products but potential benefits as well.

Stage #4: Trial

In the trial stage the marketer's job is to ask for the order. In the training of sales people it is often called the "trial close." The idea here is to give the target the experience of either actually using the product (e.g. as in a test drive of a car or munching samples at a grocery store) or to simulate the purchase experience by letting them create a product to "their own" specifications. Mass Customization has demonstrated that it is possible to guide customer creativity by providing sufficient options – not too many and not too few.



Apple's Trial page above takes into account a number of customer concerns and interests. It allows a prospective customer to directly place an order (add to cart), try the product through configuring a customized exact version, and contact a live person to "chat" about interests and or concerns.

In recent years Apple has taken the Trial stage one step further, by offering a unique retail store experience geared to providing people with the opportunity to "test drive" their various products in a controlled situation with employees that can address the targets every interest and concern.

Stage #5: Adoption

The goal of the fifth stage of the product adoption process is to reinforce the purchase (you made a good decision), develop a relationship with the target (for both additional business and referrals), and get another order. Companies use many approaches to address these needs; the Apple example below continues our model and provides a good demonstration of some of the more common possibilities.

Apple provides for:

- Email lists
- Apple homepage comes preset as your homepage when you buy an Apple
- Apple provides "Apple Care" as an add-on support service
- There are integrated products that make Apple products work better and together
 - Cloud
 - iTunes
 - Apple Apps



One company, Thomas Moser Furniture in Maine, provides the ability for customers to come to the Moser factory and make their own furniture under the tutelage of a professional. This is an example of another way to build a very personal relationship with a customer. The Adoption stage is a great opportunity for creative approaches and to personalize the transaction.

Product Adoption Process Summary

Although we have used an Electronic Media, the Internet, as an example, the concepts herein apply to both print and human sources of communication. For example, it is common to use billboard advertising as a means of building Awareness. Billboard location can be chosen to focus efforts on certain target segments, e.g. by using ones attached to sporting venues or on highways leading to certain popular resorts. The key is to recognize that there is a time and place for each stage of the product adoption process, and that the sequence is critical. Perhaps the most common result of getting out of sequence is the tendency for price to appear to be the number one priority. Certainly price is important, and in times of economic stress more so than ever. But, for most people price is linked to perceived value...and value is linked to perceived benefits. In

the absence of either clear benefits, or at least the clear delineation of those highest priority benefits desired by the target segment, price often becomes the default attribute. Also, as mentioned earlier, customers tend to bring up price as a means of filtering a product offering if they are forced to evaluate it prior to their actual interest being aroused. Price becomes a simple expedient for resolving internal stress.

Bottom Line

There is a *critical sequence of events that needs to occur for a successful marketing outcome* that results in revenue growth. Activities that occur “out-of-sequence” are the cause of unnecessary or excessive expenditure of resources and often lead to an all-too-common focus by the customer on price as the only product attribute of merit. In this report we suggest some simple guidelines—the 3-Ms, 4-Ps, and 5-Ss of marketing—as a means to optimize your resources and maximize the effectiveness of your marketing activities.

The objective of Marketing is to ensure that the right customer perceives the highest value possible for the benefits provided by the company’s products and therefore purchases them on a regular basis. Part of the process is in the alignment of the company’s values and abilities with the values and needs of a large enough customer base to ensure financial success. The 3-Ms, 4-Ps, and 5-Ss provide simple tools to guide the process and to ensure that the selling organization is never at a loss for what to do next. The key to the whole process is that it is a proactive one, not reactive. In short, it is a call to action to take that first step.

This report was prepared by
DOVETAIL PARTNERS, INC.

Dovetail Partners is a 501(c)(3) nonprofit organization that provides authoritative information about the impacts and trade-offs of environmental decisions, including consumption choices, land use, and policy alternatives.

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