

THE BENSIMON BYRNE

Consumerology Report

The Impact of
Environmental Issues

Advertising Standards Canada
October 2008



Consumerology Report

- A quarterly look at if, and how, macro trends in society are affecting the micro behaviour of Canadian consumers.
- A return to the practice of advertising agencies generating proprietary consumer insight.
- April '08: Report on the economy correctly forecast major decline in consumer confidence and spending behaviour.
- July '08: Report on the impact of environmental issues.
- October '08: Report on the “Density Divide” coming soon.

The Gandalf Group

- A leading public opinion research and consulting firm.
- Offers strategy leadership in brand development, policy advocacy, reputation management, consumer research, issue management, communications and strategy development.
- Similar studies include the quarterly C-Suite economic survey produced for the Globe & Mail Report on Business.
- David Herle is a principal partner of The Gandalf Group.

Methodology

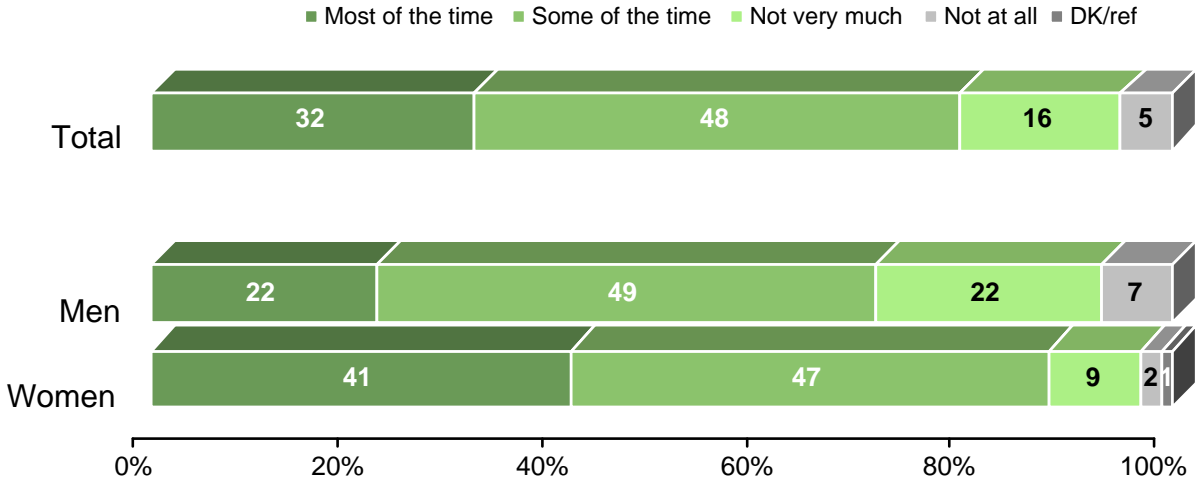
- The Gandalf Group conducted qualitative and quantitative research to produce the Consumerology Report.
- A national proportionate quantitative online survey was conducted among 1500 Canadians and fielded from June 26-July 9, 2008. The margin of error is +/- 2.53%.
- This was the second in our Consumerology series, launched earlier in the year. It allows us to track key consumer confidence questions, in addition to profiling important themes in each individual survey.
- Even in this June study we noted a decline in confidence about the economy since our April survey.
- Our focus in this study was consumer decision-making on the environment.

Concern for the Environment

- Three-quarters of Canadians say they are very (38%) or somewhat concerned about the environment.
 - Residents of Quebec and Ontario indicate a higher level of concern than do residents of the Atlantic or Western provinces
 - Women are significantly more concerned than men for the environment
- One-third of consumers report thinking about the environmental impact most of the time they make a purchase – 48% say they think about it some of the time.

Women are significantly more likely to consider environmental impact

- When you are making purchases do you think about the environmental impact?

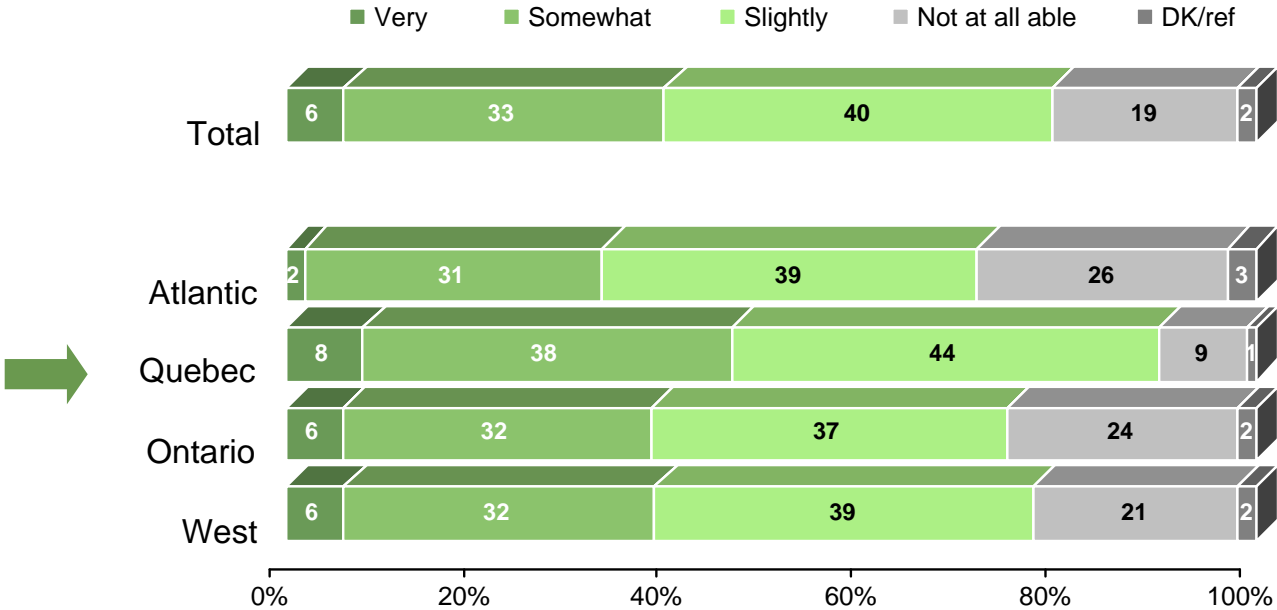


The Environment and Consumption

- Similarly, three-quarters of Canadians say they are very (33%) or somewhat motivated to make personal changes that would benefit the environment.
- Yet only 39% of Canadians say they are very (6%) or somewhat financially able to make changes in their life to benefit the environment.
 - Quebec residents are the most likely to say they are financially able (46%)

Financial Ability to Make Changes

- How able are you financially to make changes in your life that would benefit the environment?



Three Types of Environmental Consumers

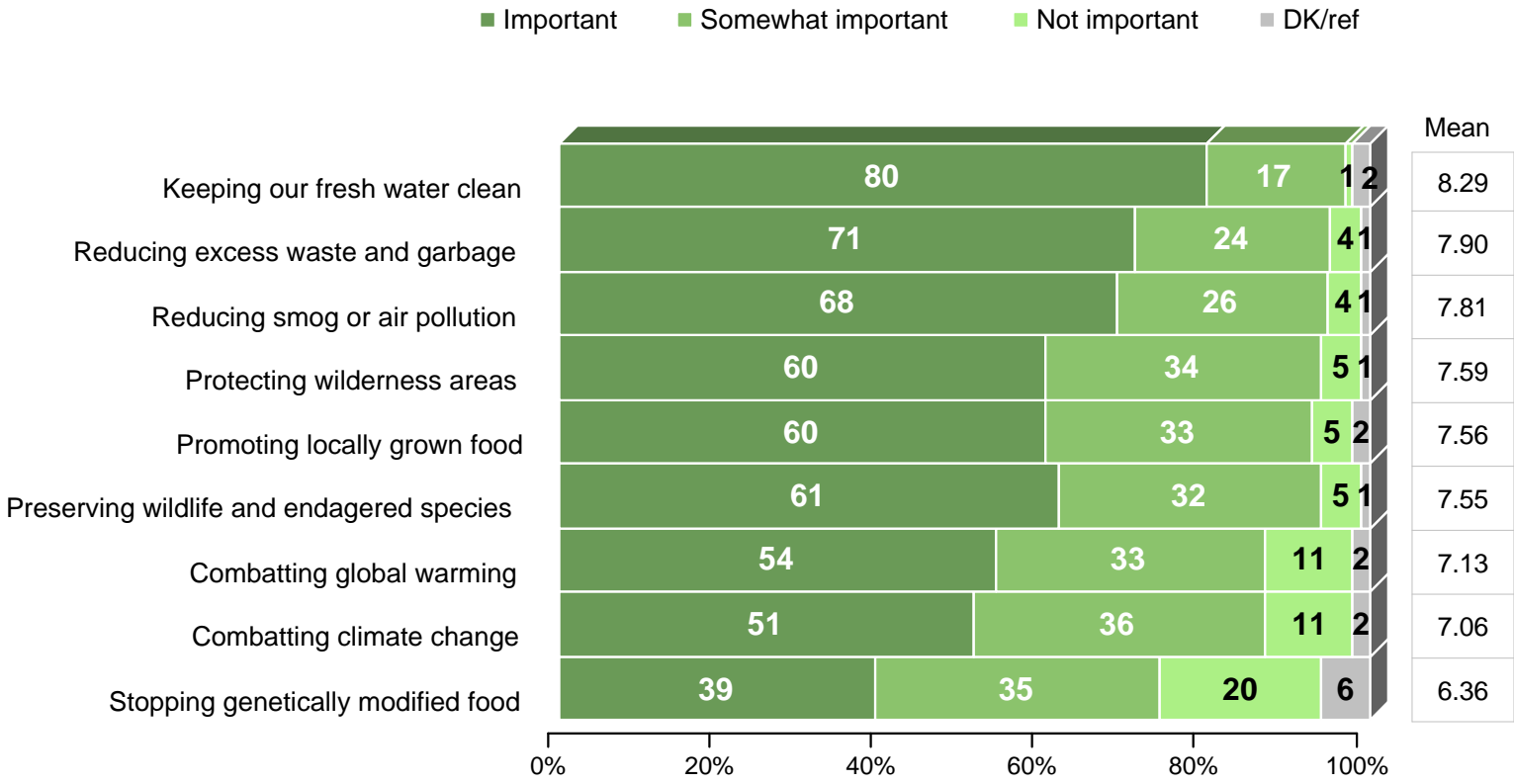
- There are 3 groups of consumers when it comes to making purchasing or behaviour decisions based on the environment. Two of these groups represent 80% of Canadians who are at least moderately likely to make purchasing and lifestyle decisions to benefit the environment. The three types are:
 1. the strong environmentalist (42%)
 2. the moderates (41%)
 3. the overwhelmed and unconvinced (18%)
- These groups do not differ by income, education, child status, or age.
- Strong environmentalists are very likely to make purchasing decisions to aid the environment *even if it costs more*. There are no demographic distinctions for this group except gender and Quebec.
- While women are significantly more likely to be strong environmentalist, men are significantly more likely to be overwhelmed and unconvinced.

Environmental Issues

- Canadians place a higher level of importance on issues such as keeping fresh water clean, reducing excess waste, and reducing air pollution and smog than they do on the “environment”.
- Combating global warming/climate change, protecting wilderness areas, promoting locally grown food and preserving wildlife are of moderate importance.

Importance of Environmental Issues:

- How important are each of the following environmental issues to you personally?

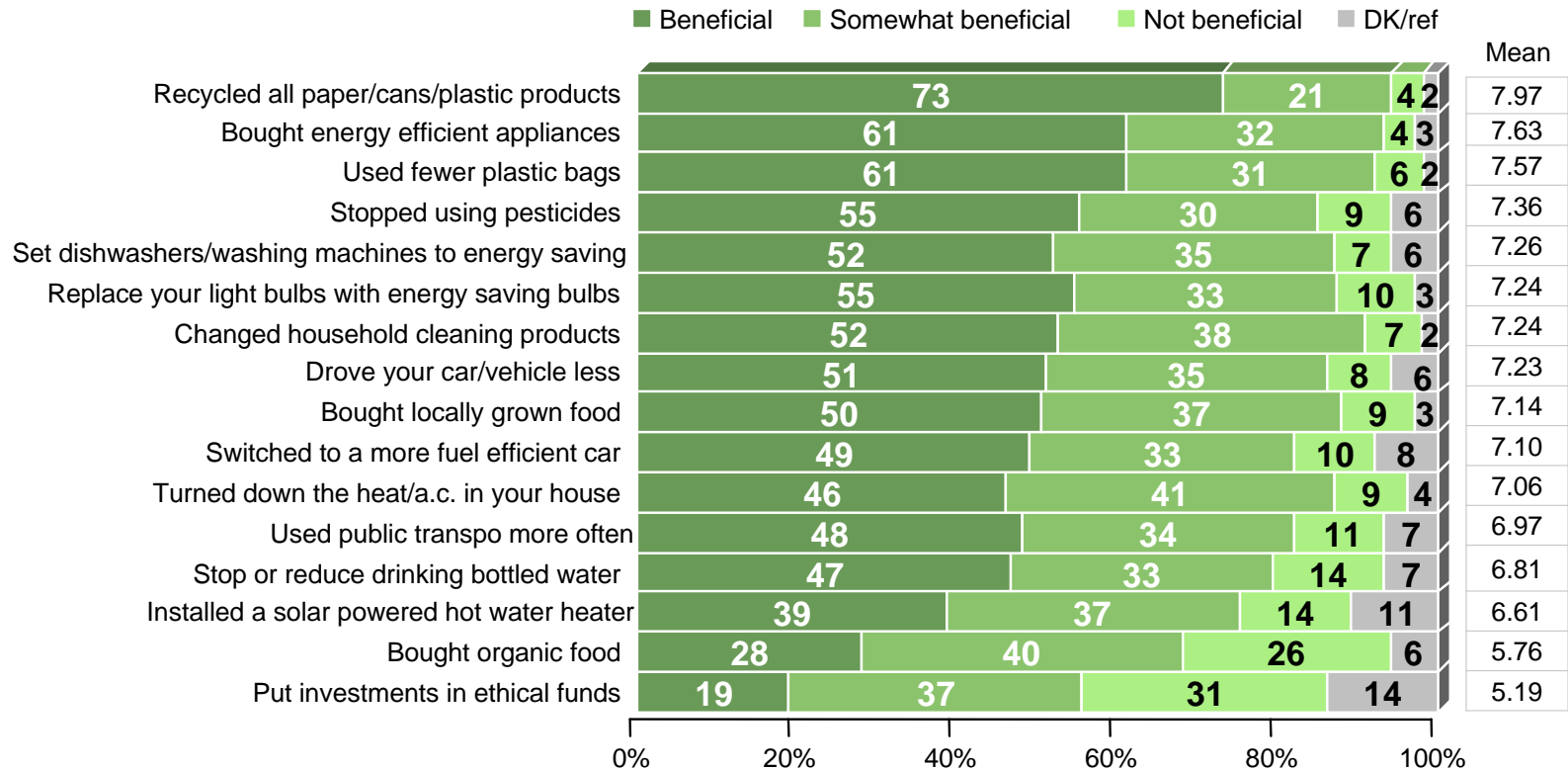


Benefits vs. Likelihood of Performing Environmental Measures

- Practices such as recycling, driving energy efficient vehicles, buying energy saving light bulbs, reducing the use of plastic bags and pesticides, and conserving household energy are seen to benefit the environment by a significant majority of Canadians.
- Purchasing organically grown food or investing in ethical mutual funds are seen as the least beneficial.

Benefit of Environmental Measures:

- How beneficial to the environment would it be if you personally:... ?



So What Do They Do?

- Respondents were asked the likelihood of their carrying out such measures given the specific sacrifice involved or entailed in each.
- We learned that price is a deterrent. Secondly, time is a deterrent.
- Effort or discomfort are not.
- Recycling is seen to be the most beneficial environmental measure and most Canadians (76%) say that they are likely to recycle.

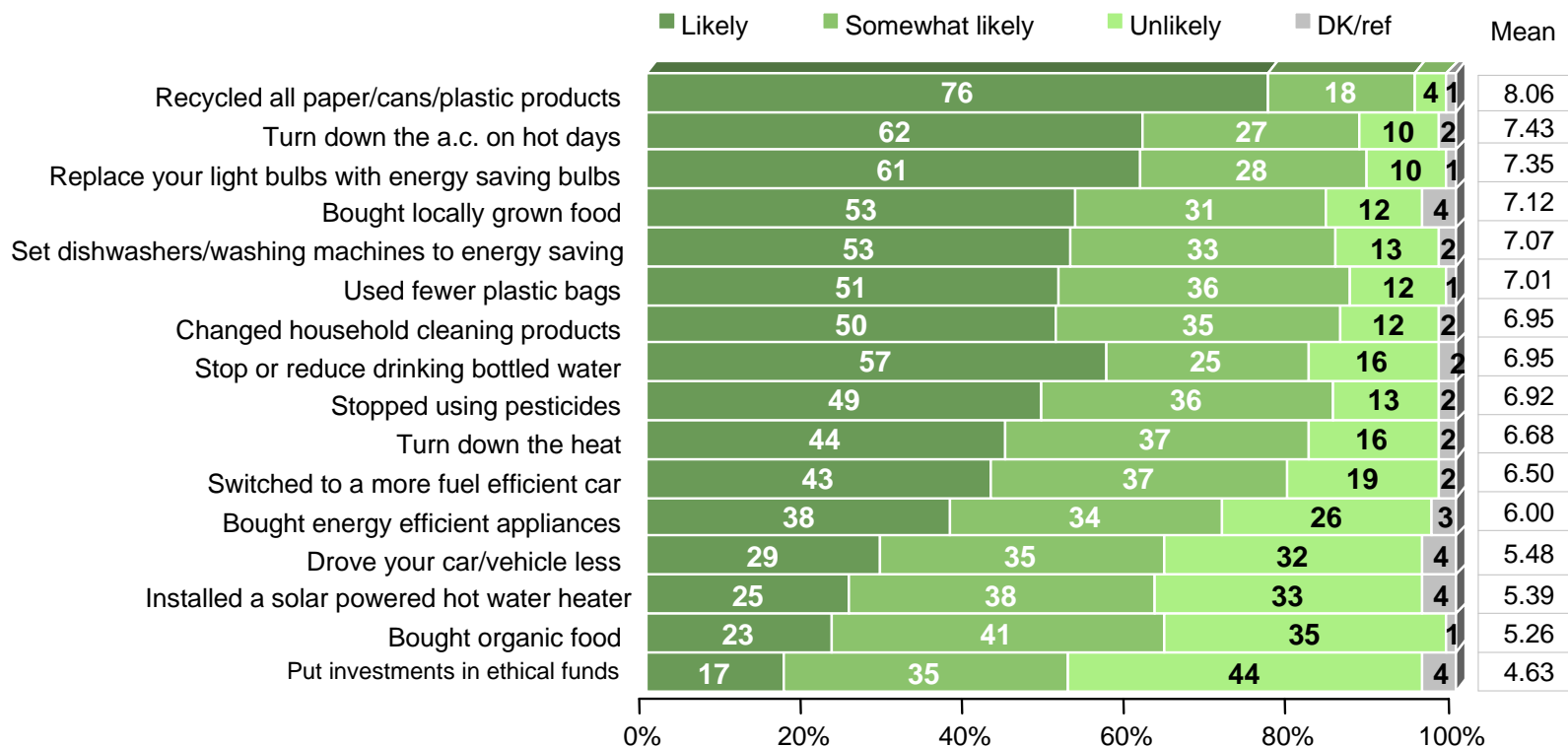
ACTION

SACRIFICE

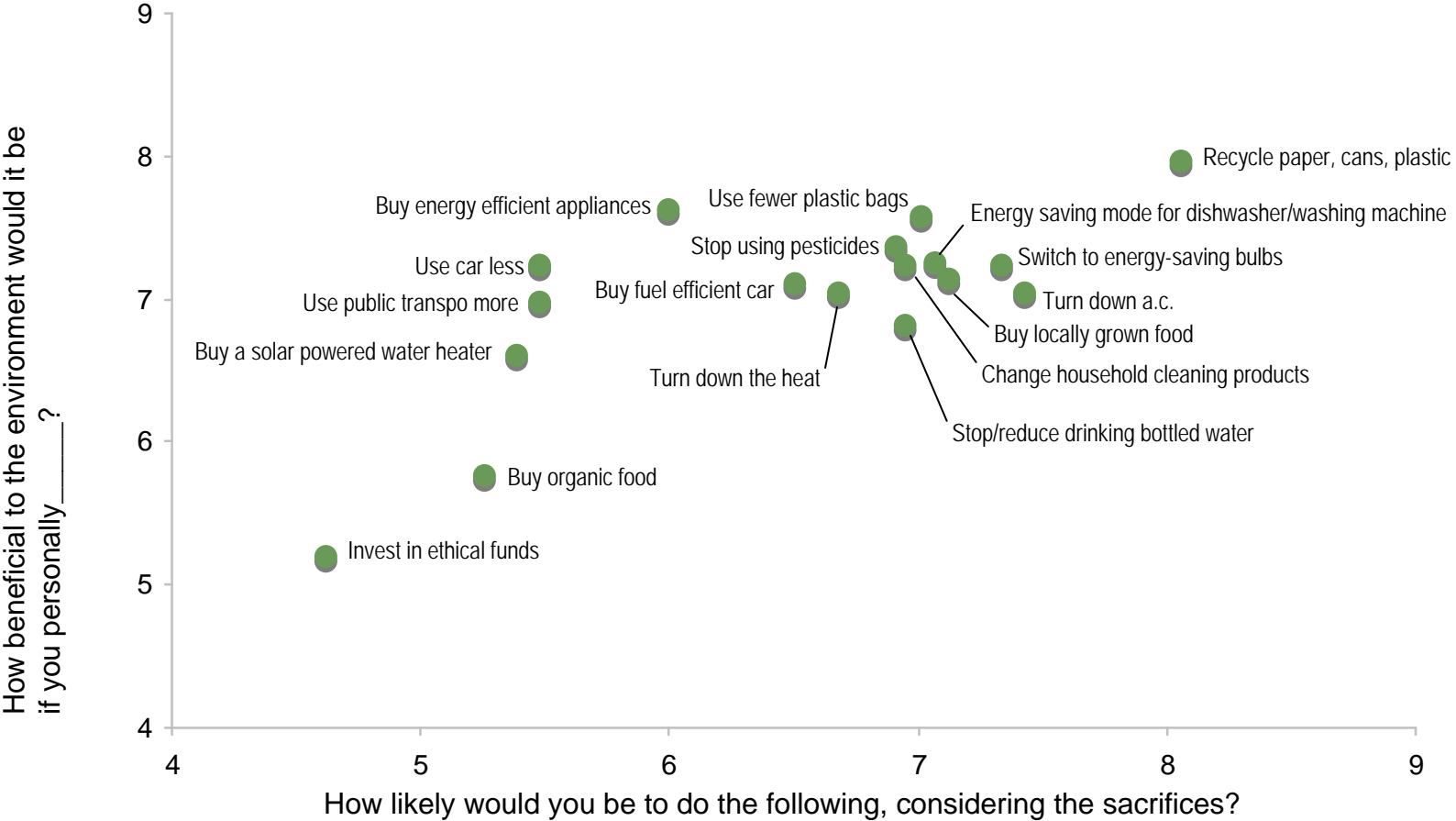
Drove your car or vehicle less often	A longer commute on public transit or car pools
Used public transit more	More time getting anywhere
Turned down the air conditioning in my home	Being warm on the hottest days
Used fewer plastic bags	Having to buy and keep reusable bags
Bought locally grown food	Less selection
Stopped using pesticides on your lawn or garden	More weeding
Changed household cleaning products to non-toxic, green products	Cost 10% more
Bought energy efficient appliances that use 40% less energy	Cost more and take 5 yrs for the savings to pay for themselves
Used public transportation more often	A longer commute on public transit or car pools
Set dishwashers and washing machines to energy saving mode	Using no hot water
Bought organic food	Costs 15% more
Put your investments in ethical funds	They don't get the best returns
Switched to a more fuel efficient car	Less power and space
Replaced your light bulbs with energy-saving fluorescent bulbs	Cost twice as much as traditional bulbs
Installed a solar-powered hot water heater that cuts energy bills in half	Takes 12 years to pay for itself
Recycled all of the paper, cans and plastic products in your house	Having an extra recycle bin in the house and having to take it out separately
Stop or reduce drinking bottled water	Using tap water instead

Likelihood of Acting on Measures:

How likely would you be to do the following considering the sacrifices: ?



Perceptual Map: Benefit vs. Likelihood

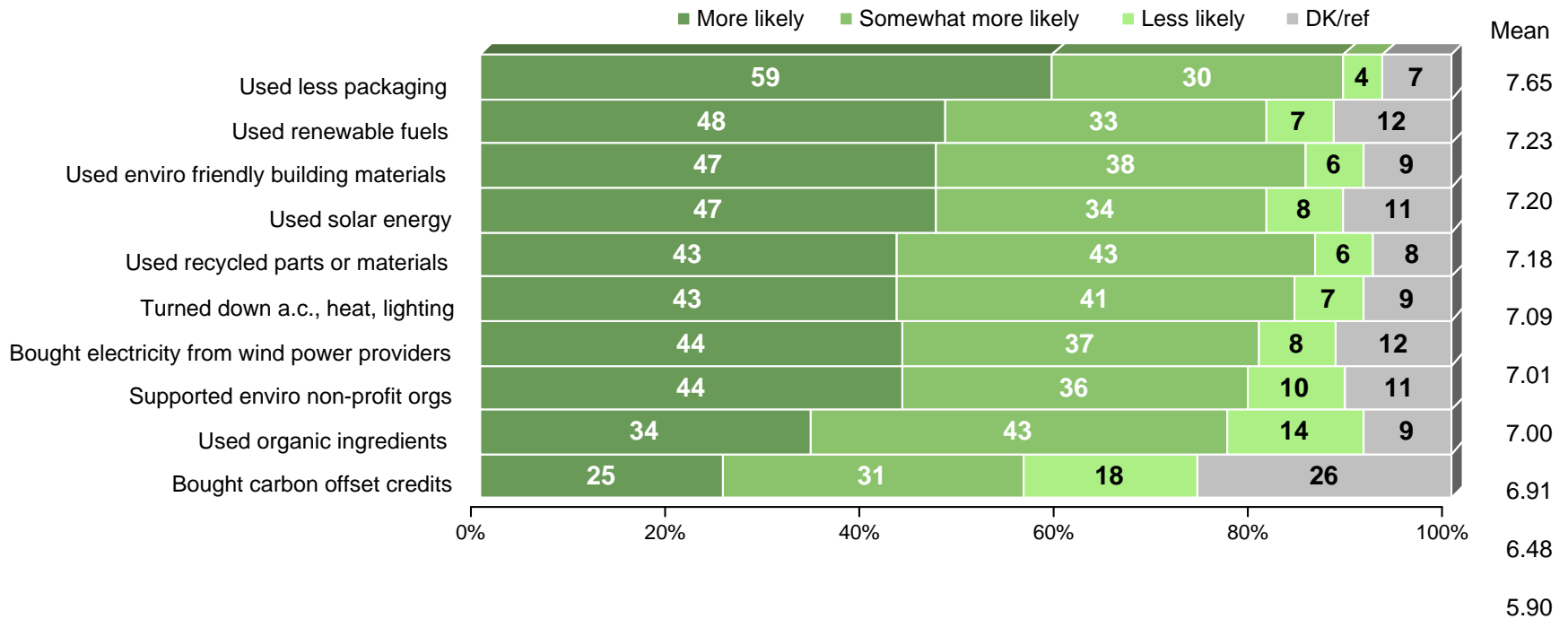


Corporate Environmental Measures

- Most consumers say they consider the environmental impact of a product when they make a purchase decision.
- There are many environmentally friendly initiatives corporations could adopt during production that would increase consumer purchasing likelihood:
 - Using less packaging is the most visible and persuasive environmental action
 - Using renewable energy sources for production such as solar and wind
 - Reducing energy use such as turning down lights, heat, a/c
 - Using recycled parts for production

Company Environmental Responsibility

The following are steps that some companies have taken to become more environmentally responsible or make more environmentally responsible products. Would you be more or less likely to buy these products if a company _____?

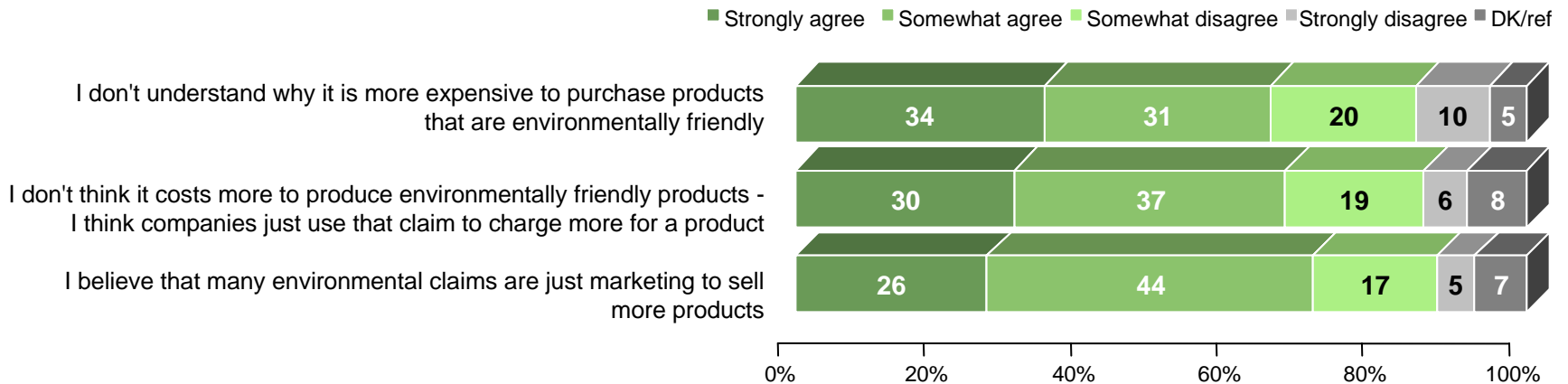


A Disconnect

- Two-thirds of Canadians say they don't understand why it's more expensive to purchase environmentally friendly products. Women are significantly more likely to say they do not understand why it's more expensive.
- Two-thirds of Canadians believe that it doesn't cost more to produce environmentally friendly products but that companies claim a product is green so they can charge more for it.

“Green” Pricing

How much do you agree/disagree with the following statements: ?



Clearing up the Confusion

- Most Canadians say there are so many conflicting claims about the environment that they're not sure what to believe.
- Canadians overwhelmingly want regulation and labeling to clear up the confusion.
- Eighty-five percent of Canadians want standards enforced on producers and labeling that certifies and explains terms such as organic, low emissions, green.
- Two-thirds of Canadians say the term “green” has been used so much that it doesn't have much meaning for them anymore.

“Green” Marketing

How much do you agree/disagree with the following statements: ?

■ Strongly agree
 ■ Somewhat agree
 ■ Somewhat disagree
 ■ Strongly disagree
 ■ DK/ref

There should be labelling regulations so when a producer says green or enviro friendly, the consumer knows what that means and the company has to meet standards



The gov't should provide guidelines for companies to follow so we understand what terms like green/organic/low emission/etc. mean



The term "green" has been used so much that it doesn't have much meaning to me when I see a company claiming a product is "green"



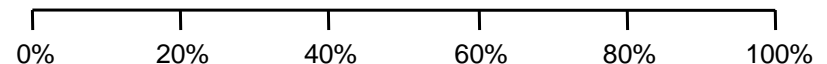
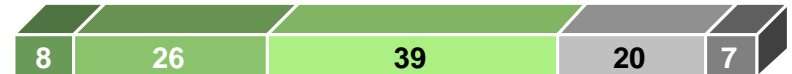
There are so many conflicting claims about the environment that I'm not really sure what the right things to do are



I don't know how to judge which products I should ensure are enviro friendly and which are less important



I don't understand what most of the enviro terms used on products mean so I don't pay attention

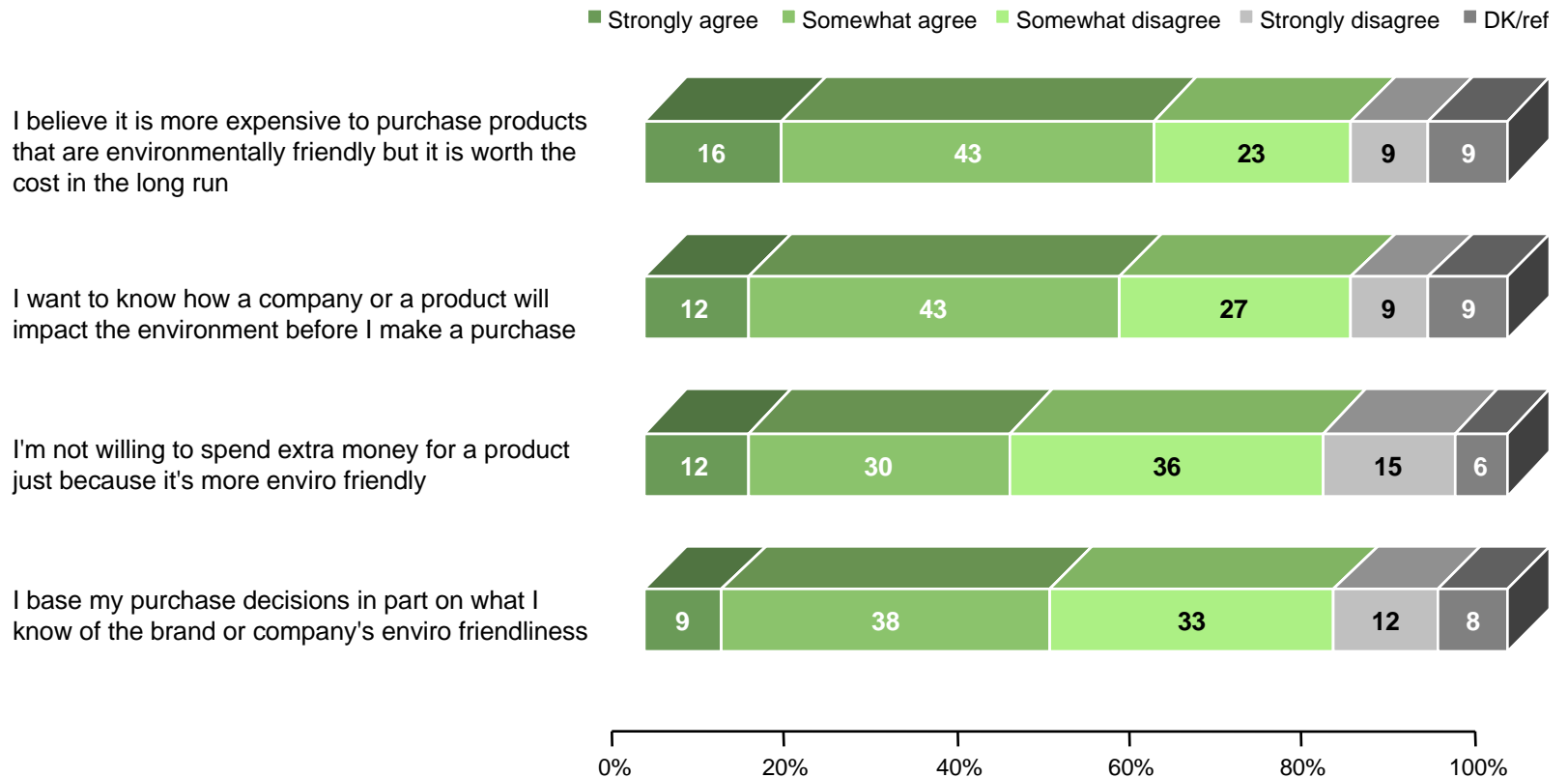


Buying with the Environment in Mind

- Canadians are split over whether a company or brand's environmental reputation is important – just under half incorporate it into their purchasing decision.
- And just over half of Canadians want to know the environmental impact of a company or product before they make a purchase.
- Almost sixty percent are willing to pay more for an environmentally friendly product because they believe it will be worth it in the long run. Women are significantly more likely to say this.

“Green” Purchasing

How much do you agree/disagree with the following statements: ?



Conclusions

- A significant majority are evaluating the environmental impacts of their purchasing and consumption, and of the behaviour of the corporations they deal with
- The media focus on climate change obscures environmental priorities of greater importance to Canadians
- Especially in this economic situation, it is critical to understand what consumers are willing to do when it comes to the environment and how those actions are affected by sacrifice, particularly cost.
- There is widespread consumer cynicism about brand claims regarding the environment

Implications for Marketers

- Environmental concern is a macro issue that does, and will continue to, affect consumer behaviour.
- Critical mass has been reached. And while relative importance will fluctuate with concern about other issues, environment responsibility as a purchase consideration is here to stay.
- There are segmentation opportunities for environmental brand messaging. Strong skews exist on level of engagement and gender.
- There is price resistance and general cynicism to combat. But there are also clear differentiation opportunities.

Opportunities for Differentiation

- Align environmental attributes of your brand to the most relevant environmental concerns. (Waste, water and air.)
- Avoid marketing against natural deterrents (price and time), and focus on easily adoptable changes (effort and discomfort.)
- Combat cynicism with specificity.
- Greatest opportunity may be line pricing to conventional products.