

ENVIRONMENTAL  
CONSUMERISM  
AND ITS CAPACITY TO CONFER  
COMPETITIVE ADVANTAGE TO  
PRODUCERS & DISTRIBUTORS OF  
SPECIFIC  
FMCG BRANDS IN IRELAND.

2000

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M.B.S. (Research)

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Dissertation submitted in fulfilment of the requirements for

M.B.S. (Research)

**DUBLIN CITY UNIVERSITY BUSINESS SCHOOL**

DUBLIN CITY UNIVERSITY

JANUARY 2000

BY

PETER ROBBINS


## ***Declaration***

I hereby certify that this material, which I now submit for assessment on the programme of study leading to the award of M.B.S. is entirely my own work and has not been taken from the work of others, save and to the extent that such work has been cited and acknowledged within the text of my own work.

Signed:

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# **NOTIFICATION OF EMBARGO**

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## ***Abstract***

### ***The Capacity of Environmental Consumerism to confer Competitive Advantage to Producers and Distributors of Specific FMCG brands in Ireland.***

This thesis examines the extent to which *Green Consumerism* has the capacity to confer competitive advantage to the producers and distributors of certain fast moving consumer goods in the Irish retail market. It begins with a review of the literature linking mass consumerism to the major threats which currently beset the environment both on a national and global scale e.g. Ozone depletion and water pollution.

The research section focuses on two major consumer markets, laundry detergents and paper tissues – both of which have been considerably influenced, during the period under review (1992-1996), by consumer concern about the environment.

Senior management figures in the leading companies describe both the level and source of this consumer pressure and provide extensive details of the new initiatives and policies they have introduced as a consequence of it. A central part of this section is an attempt to measure the success of these so-called *green marketing* initiatives. One of the biggest consumer marketing campaigns ever undertaken in Ireland was conducted in this area by Lever and the objective and outcome of this is evaluated.

The major food retailers in Ireland describe how, in customer panels, a very high level of concern is traditionally expressed about the negative impact of certain consumer goods on the environment. All agree, however, that there is a distinct and wide gap between this level of expressed concern of their customers and their actual buying behaviour.

The 'green brands' which have been launched to appeal to this market segment as less damaging to the environment appear to have failed to win significant market share. Almost all have had to be withdrawn from the supermarket shelves because their rate of sale was considered to be unacceptably low compared with existing standard lines in their category.

Nonetheless, the manufacturers and retailers involved in this study still believe this is an issue which will continue to grow in importance over the coming three years but, they expect, the impetus will no longer be coming from the marketplace but will instead come from Europe and new legislation on pollution and packaging waste.

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## **List of Abbreviations**

ATL ADVTG	Above the line advertising
BSE	Bovine Spongiform Encephalopathy
CEP	Community Environmental Policy
CFC	Chlorofluorocarbon
CJD	Creutzfeldt-Jakob Disease
CSO	Central Statistics Office
EAP	Environmental Action Programme
ECR	Efficient Consumer Response
EFTA	European Free Trade Association
EMAS	Eco-management and Audit Scheme
EPA	Environmental Protection Agency
EPOS	Electronic Point of Sale
ESRI	Economic and Social Research Institute
EU	European Union
FMCG	Fast Moving Consumer Goods
IPC	Integrated Pollution Control
RSP	Retail Selling Price
UK	United Kingdom
US	United States
VOC	Volatile Organic Compound
WCED	World Commission on Environment and Development

# ***Introduction***

## ***The Capacity of Environmental Consumerism to confer Competitive Advantage to Producers and Distributors of Specific FMCG brands in Ireland.***

This thesis examines the extent to which *Green Consumerism* has the capacity to confer competitive advantage on fast moving consumer goods in specific sectors of the retail grocery market in the Republic of Ireland. The research section focuses on two significant and specific consumer markets, laundry detergents and kitchen and bathroom paper tissues. Both categories have been considerably influenced, during the period under review (1992-1996), by consumer concern about the environment.

What this study attempts to achieve is establish the level of impact that the rising interest in green consumerism has had in two selected markets, on two specific sectors, over a pre-determined period. It explores the manufacturing and supply sectors for the two product categories under review and it also looks at the traditional channels of distribution where consumers or end users actually purchase these product categories.

**Chapter one** gives context to the study by examining some of the aspects of environmental degradation about which Irish consumers are particularly concerned. It attempts to determine the level of consumers' awareness and concern for the environment. It charts some key milestones from a global perspective (Brundtland Report, Rio Earth Summit, Agenda 21 etc) and examines published consumer studies conducted in Ireland to gain an insight about the level of reported concern for the environment and the factors which affect it.

The purpose of **chapter two** is to broadly review the major trends evident in retailing in Europe and to focus on the Irish food retail and consumer market against this larger backdrop.



In order to understand the factors affecting the phenomenon of green consumerism as they impact on the retailing sector, it includes a discussion of the significant forces at work in the Irish grocery market as well as the major social and economic trends shaping the Irish consumer market for the period under review.

The major pieces of EU and Irish government policy and legislation likely to have a significant impact in this area are reported and reviewed in **chapter three**.

Literature on research design and methodology is critically reviewed in **chapter four**. Prominent Irish business people were identified and contacted with the result that 11 in-depth interviews were carried out in Ireland.

In **chapter five** senior management figures in the leading manufacturing companies (for these specific sectors) describe both the level and source of consumer pressure about the environment and provide extensive details of the new initiatives and policies they have introduced as a consequence of it. A central part of this section is an attempt to measure the success of these so-called *green marketing* initiatives. One of the biggest consumer marketing campaigns ever undertaken in Ireland was conducted in this area (by Lever) and the objectives and outcome of this programme are evaluated.

The major food retailers in Ireland were also interviewed. They described how, in customer panels, a very high level of concern is traditionally expressed about the negative impact of certain consumer goods on the environment. All agree, however, that there is a distinct and wide gap between this level of expressed concern of their customers and their actual buying behaviour.

This study does not directly involve itself with consumer perceptions and attitudes hence no primary research has been done with consumers. This does not mean that consumer attitudes have been ignored: the reported studies form a valuable part in depicting the strategies of the business sectors specified.

**Chapter six** attempts to answer the research question in a concise and direct fashion by taking the primary and secondary research data into account simultaneously.

The so-called 'green brands', which have been launched to appeal to this market segment as less damaging to the environment, appear to have, according to AC Nielsen, failed to win significant market share and almost all have had to be withdrawn from the supermarket shelves because their rate of sale was considered to be unacceptably low compared with existing standard lines.

Nonetheless, the manufacturers, distributors and retailers involved in this study still believe the environment is an issue which will continue to grow in importance over the coming three years but, they expect, the impetus will no longer be coming from the consumer marketplace but will instead come from new legislation, on packaging waste. This legislation has its origins in the EU and is being vigorously implemented by the Irish Government

# **Chapter 1**

## **Global environmental problems And Green Consumerism.**

### **1.1 An overview**

The extent of the environmental degradation that besets the earth today is disquieting. Having reviewed current literature on the subject, the ecological damage to the planet justifies considerable concern. Hawken (1993, p3) uses the analogy of someone looking, from a distance, at a jumbled series of halftone dots, which gradually form a full picture of a well-known figure, Abraham Lincoln, in this case.

Each single fact about the deterioration of the earth's ecosystems is one such dot, not meaningless in itself, but only part of the picture - and it is only when the complete picture is revealed that the full extent of the problem can be appreciated.

This study has utilised fundamental research such as the Brundtland report, Agenda 21, The EU Fifth Environmental Action Programme, The Dobris Assessment, commentaries such as Welford (1994), Hawken (1993), Owen and Unwin (1997), Eden (1996), Hutchinson (1997) and, inter alia, Peattie (1995) in order to set the scene for the ensuing discussion about the phenomenon of green consumerism.

These early studies are especially valuable as they offer original insights into what was, at that time, a relatively new but developing area of marketing interest.

Since the early 1990s there has been, not unsurprisingly, a host of additional published material, mostly commentaries, but relatively little in the area of serious, fundamental research.

## Background

The past century has seen the commercial wind of change sweep across the natural world, discovering, extracting, mining and processing cons worth of stored wealth and resources. Driven by pure economics, capital cities have thrived, ruling families have prospered. Powerful governments and corporate interests have blossomed. A dominant commercial culture has emerged which believes all resource and social inequities can be satisfactorily solved by the mechanics of the market. Nevertheless, commerce and consumption have pillaged the natural environment.

Hutchinson (1997, p4) offers this rather harrowing perspective on the link between consumerism and the degradation of the global environment.

‘One-fifth of the worlds’ population now uses four fifths of the worlds’ resource output and is living on a *Gross National Product* (GNP) per capita which is 45 times greater than that of the poorest half, while 50, 000 people die every day from deprivation. Our solution is to produce more and more unnecessary goods, to trade more and more resource depleting luxuries and to argue that the increase in this ‘economic growth’ will not only raise the standard of living of the already rich north but also improve global standards through increased investments. In reality, the rich get richer and the poor get poorer and the earth becomes less and less capable of sustaining the human race. The effects are becoming apparent within our bodies. Human sperm counts have fallen by 50 per cent on a global scale since 1938, for reasons which remain inexplicable. Human breast milk often contains more toxins than would be permitted in milk sold by dairies, and at death human bodies are often so heavily contaminated with toxins and heavy metals to be classifiable as hazardous waste.’

Welford (1995, p9) sees businesses at the very heart of the environmental debate, because they are central both to the pollution problem and to its solution.

The problems to be faced are vast and complex. At the core is this: 6 billion people are breeding exponentially adding 80 to 90 million more people to the planet every year. October 16<sup>th</sup> 1999 was designated 'The Day of 6 Billion' by the United Nations. The process of fulfilling their wants and needs is stripping the earth of its organic capacity to produce and sustain life. A tidal wave of consumption by a single species is overwhelming the earth, skies, rivers, lakes, seas and fauna.

According to Hawken (1993), since business in its myriad forms is primarily responsible for this plunder, it is appropriate that a growing number of companies ask themselves, how do we conduct business honourably in the latter days of industrialisation and the beginning of an ecological age? Companies are beginning to learn that they may succeed according to conventional standards and still be violating profoundly important biological and natural systems.

'A hundred years ago, even fifty years ago, it did not seem urgent that we understand the relationship between business and a healthy environment, because natural resources seemed unlimited. But on the verge of a new millennium, we know that we have decimated ninety seven per cent of the ancient forests in North America; every day our farmers and ranchers draw out 20 billion more gallons of water from the ground than are replaced by rainfall; the Ogala Aquifer, an underwater river beneath the Great Plains, larger than any body of fresh water on earth, will dry up within thirty to forty years at present rates of extraction; globally we lose 25 billion tons of fertile topsoil every year, the equivalent of all the wheatfields in Australia. These critical losses are occurring while the world's population is increasing at the rate of 80-90 million people per year. Quite simply, our business practices are destroying life on earth. Given current corporate practices, not one wildlife reserve, wilderness, or indigenous culture will survive the global market economy. We know that every natural system on the planet is disintegrating. The land, water, air and sea have been transformed from life-supporting systems into repositories for waste. *There is no polite way to say that business is destroying the world.*' (Paul Hawken 1993)

Welford and Gouldson (1993, p148), point out that until recently the environmental debate has largely been one of rhetoric rather than action. They argue that by providing the goods and services demanded by the public, businesses fulfil many vital social needs and many, not so vital, social wants. The investments and innovations of industry drive economic growth and satisfy the demands of the consumer. However, in doing so - and this is the key point - because of the resources they consume and the processes they apply or the products they manufacture, business activity is a major contributor to environmental destruction.

They also conclude that while it may not have had any direct impact on the day to day lives of most western citizens, all the available indicators suggest that the quality of the environment upon which all human life and economic activity depend, is deteriorating rapidly. This means, they say, that environmentalism is no longer associated with the alternative movements of the 1960s because the scientific evidence surrounding environmental degradation is too strong to ignore.

The World Health Organisation (WHO) acknowledge that environmental factors 'do in different degrees adversely influence the health of the European population.' In a report entitled *Environment and Health* published in 1999 the WHO contend that environmental factors contribute to health problems such as respiratory disease, some types of cancer, gastrointestinal diseases, injuries and effects on wellbeing.

One of the most striking recent phenomena in Europe, according to the WHO report, is the widening of the gap in life expectancy between eastern and western countries. The gap, noted originally in the 1960s and 1970s has now grown to the extent that in the west, overall life expectancy for both sexes is 75.6 years and only 69.6 years in the east. The WHO postulates that living conditions, particularly the environment might determine the differences in mortality. They believe the environment to have a direct impact not only as a vehicle of toxic exposure, but also as an intermediate variable influencing peoples' psychological and behavioural adjustment to the changing patterns of life.

In the production of this report, the WHO collaborated with the European Environmental Agency (EEA) to pool the immense amounts of data they have gathered to assess the contribution of environmental factors to the main causes of death (and morbidity) in Europe. Three particularly significant issues were found to be most important:

1. **Air Pollution** – The report estimated that short-term air pollution episodes account for 7-10% of all lower respiratory illness in children and that this proportion reaches 20% in the most polluted cities.
2. **Water Pollution** – It has been estimated that 12% of the population of the WHO European Region, mainly in eastern countries, lacks access to safe drinking water. This, they conclude, is a major cause of many communicable diseases, which remain widespread in many parts of Europe.
3. The third major cause of death was found to be road traffic accidents in Europe which claim the lives of an average of 340 people on Europe's roads every day.

At the global level, the Greenhouse effect and the depletion of the ozone layer represent a serious threat to the continued viability of ecosystems. At a more local level, the decline in urban air quality, the pollution of oceans and water courses, the degradation of soil quality, the loss of habitat and species and the consumption and contamination of natural resources are ubiquitous. So, they conclude, while there may be disagreement about the extent of the problem and the way, in which it should be tackled, there is a general consensus that the problems are extremely serious.

As Norman Myers (1985, p27) says, in the Gaia Atlas of Planet Management:

Crises have both positive and negative characteristics. They can represent a threat to the status quo but at the same time can be seen as a symptom that something is wrong. They thus represent an opportunity to redress an imbalance and move on to a new level of organisation.

While 'crisis' might seem to be too emotive a term to describe the current condition of the environment, Ken Peattie (1995, p35) describes eight key global indicators of ecological crisis which he believes can be linked to mass consumerism. He cites these as:

### **1.1.1 The Ozone Layer**

The problem of ozone destruction was brought to the world's attention in 1985 when Joe Farnham, Brian Gardiner and Jonathon Shanklin at the British Antarctic Survey discovered a region of the atmosphere over Antarctica where, during springtime, about half the ozone overhead had disappeared.

'The damage to the ozone layer was discovered more by accident than design.

The British Antarctic Survey had been measuring ozone in the stratosphere above Antarctica and regularly publishing the results until the early 1970s. Then, due to staff cuts, although the data was still collected, it was not analysed or published.

Not until the 1980s was the data looked at again and then the alarming decrease of ozone during the Antarctic spring was discovered.'

(ENFO *Briefing Sheet 25*, 'The Ozone Layer', November 1999)

According to Litfin (1994, p57) most studies of the health effect of ozone depletion focus on the UV-B part of the spectrum. Each 1% decrease in ozone will allow 2% more UV-B radiation to reach the earth's surface and this is expected to lead to a greater incidence of skin cancer, cataracts and immune disorders among humans.



One of the major culprits is the man-made chemical compound released into the atmosphere called chlorofluorocarbons (CFCs). CFCs remain inert and do not break down quickly in the atmosphere. They can drift around the atmosphere remaining intact for between 75 and 110 years.

Houghton (1997, p36) concludes that because of the very serious consequences of the use of CFCs, international action has been taken. Many governments have now signed the Montreal Protocol set up in 1987 which, along with the Amendments agreed in London in 1991 and in Copenhagen in 1992, required that manufacture of CFCs be phased out completely by 1996 in industrialised countries and by 2006 in developing countries.

### **1.1.2 The Greenhouse Effect**

Levels of atmospheric carbon dioxide and other 'greenhouse' gases are increasing as a result of human activity and are predicted to create an increase in mean global temperatures of between 1.5 and 4.5 degrees Celsius during the next century. The greenhouse effect is difficult to prove due to the sheer complexity of global climate systems. The twelve years between 1980 and 1991, however, included the eight years with the highest average temperatures recorded in the last century. The projected consequences could be catastrophic. (Lean and Hinrichsen.1992, p98)

Pearce (1999) points out that until recently scientists concerned about the Greenhouse Effect have concentrated on the lowest level of the atmosphere, the troposphere. This is understandable, according to Pearce, because the troposphere contains 75% of the mass of the atmosphere, it is where our weather occurs, where our planes largely fly and where there is growing evidence that the accumulation of greenhouse gases is causing global warming.

However, in spatial terms the troposphere is only a small part of the atmosphere and there is no reason to believe that the greenhouse effect will not be just as important for the

layers above the troposphere – the stratosphere, the mesosphere and thermosphere. Already researchers have found that the changes taking place in these higher reaches are far greater than those below.

Scientists have now discovered that the Mesosphere, between 50 and 90 kilometers up, has been cooling by as much as a degree every year for the last thirty years. This is, apparently, ten times faster than anyone had predicted. Some experts suggest that the cooling could be the ‘miner’s canary’ and the biggest signal that the climate is really changing. In particular, according to Pearce, stratospheric cooling contributes to thinning of the ozone layer and it is now more likely that the Arctic, which had generally been spared the kind of ozone hole that appears each year in the south, could be catching up.

### **1.1.3 Extinction of Species**

Out of an estimated 30 million species on earth, only about 1.5 million have been identified and catalogued, but only a few hundred thousand now exist in sufficient quantities to avoid being quantified ‘at risk’. Species loss is estimated at between 10 to over 100 every day, which makes the impact of human activity on earth unparalleled in terms of eliminating other species since the events that eliminated the dinosaurs some 65 million years ago (Meadows et al 1992)

### **1.1.4 Water Pollution**

The margins of the oceans on whose shores 70% of the world’s population live, and which provide about 50% of the fish harvest, are becoming increasingly polluted. In the USA dead bottle-nosed dolphins, so contaminated with chemicals such as PCBs (Polychlorinated biphenyls) that they meet the governments criteria for a ‘toxic waste hazard’, have been washed up on beaches. The deaths of over 1000 dolphins washed up on the shores of the Mediterranean between 1990 and 1993, have been linked to

contamination to PCBs, industrial heavy metals and the equivalent of 17 Exxon Valdez oil spills each year (World Resources Institute 1993)<sup>1</sup>

### **1.1.5 Land Erosion**

The limit of cultivable land is close to being reached. According to 1990 UN figures, an estimated 6 to 7 million hectares of land are being lost annually due to soil erosion, while waterlogging, salinisation and alkalinisation damage accounts for another 1.5 million hectares each year (United Nations Population Fund 1990).

### **1.1.6 Water Supplies**

Despite the global abundance of water, it is becoming increasingly scarce in many regions and increasingly difficult to use in many others because of pollution. While oil was the economic resource that occupied the thoughts of environmentalists and policy makers in the 1970s, it is water that is growing sufficiently short in many parts of the world to be viewed as the ultimate constraint on population and economic growth (Pearce 1990). In 1990, 11 nations had water supplies per person below the level accepted as the minimum to allow economic growth (World Resources Institute 1992)

### **1.1.7 Rainforests**

Rainforests are a vital part of the world's ecosystem and contain more than half the earth's species, but half of these have already been destroyed. If the 1990 depletion rate of tropical rain forest is maintained, there will be none left before a child born that year reaches 50. Pressure to continue rainforest liquidation is high since 60% of the remaining forests are located in five of the world's most indebted countries. Pollution is causing damage to the trees that the loggers axe does not deplete. Western Europe has long since

lost virtually all its primary forests, but the existing forests are mostly sustainably managed. Pollution damage to trees costs Europe at least \$30 billion each year which is three times the cost of the air pollution measures needed to protect them, (Meadows et al 1992).

#### **1.1.8 Pollution**

The land, which we inhabit, is itself becoming increasingly polluted. Norway has discovered some 7000 sites contaminated by hazardous chemicals and metals. Government estimates for the cost of cleaning these up are between 2.25 and 4.5 billion ECU's according to figures published in the *Nordic Environment* 1991'.

## 1.2 The Earth Summit

This study, in its research chapter covers the period 1992 to 1996, the start point was chosen as it was believed to be a seminal year for environmentalists and was a time when public opinion was more fully formed than ever before. One of the reasons for this was that in 1992 the Earth Summit in Rio de Janeiro made the environment headline news and showed it, for the first time for many people, to be an issue of vital political importance. The Rio Earth Summit reflected a new level of prominence given to green issues around the world.

One possible explanation for the new and higher level of public interest in environmental matters is the high public profile of the many environmental disasters which had occurred in the previous decade. There was an increasing awareness that things were going wrong.

Wheatley (1993, p14) agrees with this point but adds;

‘A number of things had contributed to the prominence given to green issues. Certainly by the closing years of the 1980s, green issues were fashionable amongst politicians and their constituents. In the UK, Mrs. Thatcher, the then Prime Minister (and a chemist by training) had done much to awaken the interest of her fellow politicians both at home and abroad. But the biggest spur to action was the increasing awareness that things were going wrong. Politicians might be slow to react to predictions of disaster around the corner, but could most certainly appreciate the potential vote losing implications of disasters on their own doorstep. There had just been too many of them.’

### 1.3 Milestones along the green pathway

*Table 1.1: Milestones along the Green Pathway*

Date	Event
1972	US National Environmental Protection Act: formation of National Environmental Protection Agency
1972	First Earth Summit in Stockholm
1974	First Energy Crisis
1975	OECD Establish principle of 'polluter pays'
1978	Irish demonstrators march to prevent a nuclear facility being built in Carnsore, Co Wexford
1983	Major Dioxin Plant explosion in Seveso, Italy showering hundreds of square miles with the fallout from a toxic cloud.
1984	Bhopal, India: escape of toxic fumes from pesticide factory kills 4000 and injures tens of thousands
1985	Ozone findings published
1986	Chernobyl Nuclear Disaster - takes 10 days to bring the burning core of the reactor back under control as debris is hurled a mile into the sky. One US study has estimated that Chernobyl will eventually claim 12,000 Soviet citizens and 21,000 Europeans through radiation induced cancer.
1987	Montreal Protocol plans for CFC reductions and sets targets for all signatories.
1989	Exxon Valdez disaster in Alaska: worst oil tanker disaster in US history. Fifty million litres of oil escaped to wash ashore on almost 1200 miles of unspoiled coastline.
1991	European Environmental Agency Proposed
1992	Second Earth Summit of UN in Rio de Janeiro

*(Adapted from Environmental Marketing Management: Peattie 1995)*

Of course, it is not all bad, as Peattie (1995) points out, there are some reasons to be cheerful. There are many aspects of human life that are improving: life expectancy,

health care provision, income levels, immunisation, child mortality. The amount of land devoted to forestry is increasing among industrialised nations.

The Green Consumer Guide (1988, p32) states that the world already manufactures 10 times more goods than it did in 1950 and, if Third World consumption levels were to be raised to those of the industrialised world then, by the time population growth leveled off, a further five to ten fold increase in manufacturing rates would be necessary.'

The authors go on to remind us of the energy crisis in the 1970s where the international powers feared that the world was going to run out of some vital resources. Today, they feel, the real threat seems to be the problems caused by the rapid destruction of the planet's plant and animal life and the destabilisation of the atmosphere and climate.

In *Managing the Environment* (Beaumont, Penderson and Whitaker.1993, p12), the authors conclude, not unreasonably, that we need the earth more than it needs us and that if we fail to recognise our absolute dependence on the eco-system, then humanity may ultimately be eradicated to be replaced by a more amenable species.

Management theorists have considered this issue for over two decades with one of the earliest contributions from Peter Drucker (1989, p126) where he emphasises:

'The final new reality in the world economy is the emergence of the transnational ecology. Concern for the ecology, the endangered habitat of the human race, will increasingly have to be built into economic policy. And, increasingly, concern for the ecology, and policies in respect of it, will transcend national boundaries. The main dangers to the human habitat are increasingly global. And so, increasingly will be the policies needed to protect and preserve it. We still talk of "environmental protection" as if it were something that is outside of, and separate from, man. But what is endangered are the survival needs of the human race.'

Another link between the environmental threats and the rise in consumerism is supplied by Peter James (1992, p135) who offers this perspective:

‘...it is not too fanciful to imagine the next century as one of ‘environmental capitalism’ in which environmental protection and enhancement is not only a major operational issue and a substantial market, but also a central objective and source of legitimacy - for both business as a whole and individual enterprises. In this case, the companies taking action now to anticipate environment opportunities and pre-empt environmental threats may be developing competitive advantage on a timescale not measured in months or years, but also in decades or even in centuries.’

More recently, Joe Cappel (1995) suggests that through the constant quest for more, better and newer products, we are all guilty of leading the planet into trouble.

‘Thanks to all of us the planet is in trouble. From the factory owner who spills poison into our drinking water, to the teenager who swills soda from a disposable bottle, to the primitive hunter who kills rhinoceroses (*sic*), we are all guilty of contributing to the world’s growing environmental problems. But something new has been added in recent years to this striving for a better life. What we used to call progress is being interrupted by a worldwide revolution. In this case, the revolutionaries are consumers. and their battle cry is for products and services that will preserve a cleaner, healthier environment for themselves and their children,’

But the ‘battle cry’ is reducing in volume according to Howe, Skea and Whelan (1997, p3). They maintain that the rise in green consumerism which rewards strong environmental performance has been less vigorous than originally anticipated but consumers are willing to punish poor environmental performance. This, they say, highlights the fact that many company strategies are motivated by fear of environmental failure rather than the anticipation of environmental success.



Hutchinson (1997, p15) says that consideration for the environment in business is not merely an extension of total quality management or ethical business practice. It offers a unique challenge of its own because business cannot survive cocooned from the environment. Without the environment, he says, there would be no marketplace in which to thrive and do business. He concludes that it is of primary importance that today's business leaders and decision makers recognise the crucial nature of the environmental question and attempt to address the problem of how to live and do business in an ecologically sustainable manner.

Eden (1997, p8) suggests three main reasons why business now wants to be seen to be green.

### **1. Sales and Savings**

There is apparently profit to be made from green business. Direct sales may increase, although she concedes, there is little direct evidence that this is widely applicable. However, Eden confirms that some companies have successfully marketed environmentally friendly products and increased their market share as a direct result. A second source of profit, though is where new markets develop, particularly for environmental services, e.g. consultancies and pollution abatement technologies. Thirdly, here are benefits to be gained from saving costs.

### **2. Reputation**

Less tangible than profits, a second reason to be seen to be green is enhanced reputation including better image, good publicity and customer loyalty. These form part of an investment in a company's long term economic viability. Eden asserts that environmental measures may be used strategically to (re)capture market share, especially when retailers want to reposition themselves.

### **3. Pre-emption**

A third and final reason for a business wanting to be green is, according to Eden, in order to preempt public criticism and restrictive legislation. It is important to avoid bad publicity which can be damaging for the company and its products.

#### **1.4 Definition of Green Consumerism**

According to Peattie and Charter (1994) the differences between Green Consumerism and traditional marketing lie in:

- An emphasis on the physical sustainability of the marketing process, as well as its social acceptability.
- A more holistic and interdependent view of the relationship between the economy, society and the environment.
- An open ended rather than long term perspective
- A treatment of the environment as something of intrinsic value over and above its usefulness to society.
- A focus on global concerns, rather than those of particular societies.

The concept of combining environmental concern which is traditionally associated with conservation with the discipline of marketing may seem paradoxical. Green marketing introduces into marketing strategy the concept of 'eco-performance', which represents the impact that products and businesses have on the human and natural environment within which they exist.

Developing a more holistic green strategy requires an appreciation of the product itself, what goes into it, and what goes into, and out of, the environment as a result of its production and use. Prothero (1990, p103) argues that the objective of environmental

consumerism or green marketing ‘ is not to maximise consumption, consumer satisfaction or consumer choice. *The objective is to maximise the quality of life*’

Slightly more recently, Pride and Ferrell (1991, p88), have produced a definition which centres on the elements of the marketing mix, namely: ‘the specific development, pricing, promotion and distribution of products *that do not harm the environment*’.

One year later, Peattie (1992, p11) suggests that green marketing is ‘the management process responsible for identifying, anticipating and satisfying the requirements of consumers and society, in a profitable *and sustainable way*’.

The philosophy of green marketing may be best summed up by firms such as the Body Shop where deeply held personal values are translated into sound business activities. The founder of the Body Shop, Anita Roddick, has a clear message:

“Our products reflect our philosophy. They are formulated with care and respect. Respect for other cultures, the past, the natural world, our customers. It’s a partnership for profit with principles” (Body Shop promotional literature 1990).

Another definition is offered by Welford and Gouldson (1993, p140). They believe that the key task of the organisation must, therefore, be to determine the wants and needs of the target markets and to adapt the organisation to delivering desired satisfactions more effectively and more efficiently than its competitors. Green Marketing requires that this is done in a way which improves the environmental performance of products and of the business and therefore enhances the consumers’ and society’s well-being.

No issue as vast and complex as this would be capable of a simple, single, universally agreed solution. The role and importance of green consumption and green consumerism has been the subject of lively debate. Johnson (1991, p19) sees green consumption at best as a way of slowing down the process of environmental degradation - ‘a way of buying a little more time’

Schrum et al. (1995, p73) leave the definition at its broadest: ‘anyone whose purchase behaviour is influenced by environmental concerns.’

Christensen (1991, p6) goes a little further and actually sees green consumerism as counter productive for the reason that it masks some of the real issues and simply consolidates the materialism and 'born to shop' attitudes that emerged during the 1980s. Durning (1992, p20) concludes:

‘At its best, environmental consumerism is a potent new tactic for environmental advocates allowing them to bypass the halls of parliaments and send their message directly to the boardrooms. At its worst, green consumerism is a palliative for the conscience of the consumer class, allowing us to continue business as usual while feeling like we are doing our part.’

### **1.5 Ground rules for the Green Consumer**

The Department of the Environment, as part of its environmental information service (ENFO) has published a consumer briefing document entitled *Ground Rules for the Green Consumer*. In it they stress some guidelines on standards that Irish consumers should insist upon before purchasing consumer goods:

1. Seek meaningful labels for: product impact index; sustainability of materials supply.
2. Insist on product life minimum standards: 20 years for white goods; 10 years for vehicles; 5 years for smaller appliances.
3. Assist movement towards more environmentally acceptable disposal : e.g. refundable deposits on refrigerators to ensure CFC recovery; encourage sorting systems for paper and containers.
4. Consider carefully before choosing disposable or short life-cycle products; e.g. disposable nappies; battery operated products.
5. Reject excess packaging

6. Minimize the use of all chemical products dispersed into the environment via drains, air or into the garden. Always read manufacturers instructions, and resist temptation to add 'just a bit more'. This includes use of solvents, detergents, fertilizers and pesticides.
7. Consume less but better - go for durability, effective design - it's better for your environment.
8. Buy energy efficient appliances.

(ENFO Action Sheet 22, 1998)

This briefing sheet opens with the paradox of *Environmental friendliness* saying that there are no truly environmentally friendly products but advises consumers to limit or at least modify their purchasing patterns to reflect their concern for the environment.

New Scientist Magazine (August 1998, p23) also has some good advice for the green consumer, particularly those who might believe they are already complying with the standard rules:

'The awful truth is that household and office electrical appliances left on stand-by mode are gobbling up energy, even though they are doing absolutely nothing. Some electronic products - such as CD players - can use almost as much energy on stand-by as they do when running. Others may use a lot less, but as your video player spends far more hours on stand-by than playing anything, the wastage soon adds up.

In the US alone, idle electronic devices consume enough energy to power cities with the energy needs of Chicago or London, costing consumers around \$1 billion a year. Power stations fill the atmosphere with carbon dioxide just to do absolutely nothing.

Thoughtless design is partly responsible for the waste. But manufacturers only get away with designing products that waste energy this way because consumers are not sensitive enough to the issue. Indeed, while recycling has caught the public imagination, reducing waste has attracted much less attention.

But "source reduction", as the garbage experts like to call the art of not using what you don't need to use, offers enormous potential for reducing waste of all kinds. With a little intelligent shopping, you can cut waste long before you reach the recycling end of the chain.

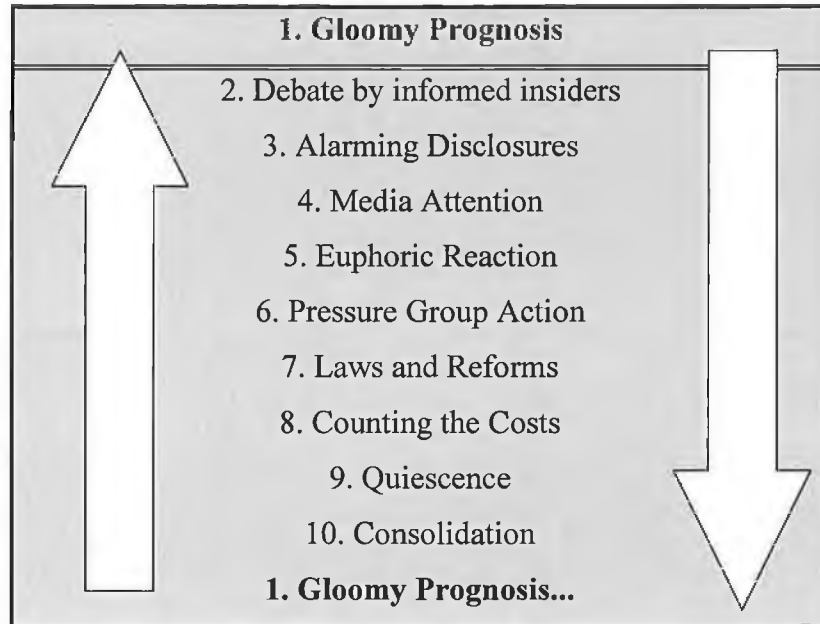
Packaging remains the big villain. One of the hidden consequences of buying products grown or made all around the world, rather than produced locally, is the huge amount of packaging needed to transport them safely. In the US, a third of the solid waste collected from city homes is packaging. To help cut the waste and encourage intelligent manufacturers the simplest trick is to look for ultra-light packaging.'

### **1.5.1 The Cycle of Environmental Concern**

Concern about the negative impact of economic progress on the environment has been an issue of varying degrees of significance on society's agenda for many centuries. Downes (1972. ) presented it as a cyclical model. He contends that concern about the environment was a reaction to the unintended outcomes of rapid economic growth. At the end of periods of sustained growth, the consequences of that growth became most obvious.

Downes (1972) shows the cycle of growing concern as a 10-point flow diagram:

**Table 1.2:** The Cycle of Environmental Concern



*Downes (1972, pp38-50)*

This concept of cyclical concern is characterised as a ratchet effect by McDonagh and Prothero (1994, p396) who believe that interest in the environment has always moved up and down society's agenda depending on the political climate of the time. Howe, Skea and Whelan (1997, p3) also believe that public concern for the environment comes in successive waves. They acknowledge that the Earth Summit in Rio (1992) marked a high point in consumer interest in the environment but they say that back in 1972 following the Stockholm Conference on the Human Environment, there was an similar level of concern. In the 1980s, they say, renewed public interest was sustained by a series of ambitious and high profile Environmental Action programmes from the European Union. It is this persistent public concern combined with a high level of regulatory activity that have created a sense of inevitability in the business community that the environment is a major and enduring issue.

In *Changing Corporate Values* (1991, p3) Adams, Carruthers & Hamill make the point that Green Consumerism has raised doubts about the validity of current economic models explaining human behaviour, e.g.

‘Green consumerism, like nothing else, brought home to economists the truism that not all wealth is economic in nature. For two hundred years Adam Smith’s model, with land, labour and capital as the three essential factors of production, had prevailed. It was, understandably, heavily revised and criticised in this century, the most significant of these criticisms recognised that the importance of the natural environment goes beyond that normally assigned to ‘land’. Green consumerism is beginning to address these issues - but it can be taken much further.’

## **1.6 Sustainable Development**

The concept of sustainable development is based on the premise that there is an unhealthy tension between the sustainability of the environment in which we live and economic growth. It assumes that both cannot prosper simultaneously. As one advances, the other is compromised. Over time, growth can cause pollution and has many other consequences which lead to environmental degradation.

The idea of sustainable development is also founded upon the interdependence between economic growth and environmental protection. Theoretically, it is possible to make economic development and environmental protection compatible by following sustainable strategies and by not pursuing the particular areas of economic development that are most harmful to the environment.

In its simplest form, sustainable development is defined as development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. (World Commission on Environment and Development 1987)



According to Gilbert (1993, p8), the principles of sustainable development involve the process of integrating environmental criteria into economic practice to ensure that the strategic plans of organisations, while satisfying the need for continuing growth and evolution, conserve nature's 'capital' for the future. Applying the principle, he continues, implies living within the carrying capacity of existing eco-systems. This will necessitate a change in many elements of society and commerce. It is not only about air pollution, ozone depletion, water conservation, raw material use and waste management; it is also a truly international issue, affecting cross-border transactions, trade finance and political agendas.

This means living on the earth's income rather than eroding its capital. It means keeping the consumption of renewable resources within the limits of their replenishment. It means handing down to successive generations not only man-made wealth (such as buildings roads and railways) but also natural wealth such as clean and adequate water supplies, good arable land, a wealth of wildlife and ample forests.

*(This Common Inheritance, HMSO)*

The Brundtland Report<sup>1</sup>, commissioned by the United Nations to examine long term environmental strategies, concluded that economic progress and environmental protection could be made compatible. To achieve it would require radical shifts in consumption patterns throughout the world. Mass consumption is not possible indefinitely and if society today acts as if all non renewable resources are plentiful, eventually there will be nothing left for the future.

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<sup>1</sup> Chaired by the then Prime Minister of Norway, Dr Gro Harlem Brundtland, the Brundtland Report was published in 1987 by the World Commission on Environment and Development (WCED). The Commission was formed in 1983 and comprised members from 21 countries representing all regions of the world.

### 1.6.1 Three Key Drivers for sustainable development

Welford (1995, p9) argues that the dangers of mass consumerism go beyond simply dipping in to the world's store of natural resources, he believes that mass consumption may cause such irreparable damage that humans may not even be able to live on the planet anymore.

In his review of the Brundtland Report, he reveals that sustainable development will be subject to **three** very significant driving forces and each one needs to be addressed by industry.

1. The first of these issues is that the environment must be valued as an integral part of the economic process and not be treated as a free good. The environmental stock has to be protected and this implies minimal use of non-renewable resources and minimal emissions of pollutants.
2. Secondly, world leaders need to face up to the issue of equity. One of the greatest challenges facing environmentalists is the understandable desire of developing countries to achieve the same standards of living as those in the West. That in itself would cause major environmental degradation if it were modeled on the same sort of growth experienced by post war Europe.
3. Thirdly, sustainable development means that individual citizens, society as a whole and businesses will need to begin to operate to a different time scale than they do now. Longer planning horizons need to be introduced as business starts to steer away from short term, competitive quick wins. This is the issue of futurity. Whilst companies commonly operate under short term pressures to achieve competitive gains, long term environmental protection is often compromised. The commercial focus will have to be widened to allow for much longer term planning: planning which may be inter-generational in its scope.

The commercial systems for the future must be more like biological systems, self-sustaining, non-wasteful and self-generating. They must recognise the true cost of commerce. Many of the metaphors employed to describe the ecological degradation although doubtless true, are a bit trite. We are told we are eating our seed corn, we are charging our credit cards with unpayable future expenses, we are mortgaging the wellbeing of future generations by eroding the earth's natural capital. The common thread is that we are stealing from future generations in order to finance present overconsumption.

### **1.7 Review of Secondary Consumer Research on environmental consumer behaviour and attitudes in Ireland.**

In this section it is proposed to review the major pieces of secondary consumer research data on environmental consumer behaviour and attitudes in Ireland.

McCrann (1990) concludes that Irish interest in environmentally 'green' affairs began as far back as 1978 when organised protestors were successful in vetoing the construction of a nuclear power plant in Carnsore, County Wexford.

Although no primary research has been undertaken with consumers as part of this study, the views of consumers are considered through the use of a number of studies and surveys which have already been published in this area. In this section, five studies, published between 1991 and 1998 are reviewed to provide an insight into consumers' attitudes and behaviours in this area.

**Table 1.3:- Secondary Sources of Consumer Research**

<b>Title</b>	<b>Date</b>	<b>Sample Size</b>
<b>1. National Survey of Attitudes to the Environment.</b> <b>(Lansdowne Research &amp; Henley Centre)</b>	1991	2000
<b>2. Green Consumerism in Ireland – The Commercial Implications.</b> <b>(Irish Goods Council, John Corrigan)</b>	1991	500
<b>3. Purchaser Demand Patterns Examined from the Green Perspective.</b> <b>Trinity College</b>	1993	Retail Sample
<b>4. Economic and Social Research Institute (ESRI) Report on Attitudes to the Environment</b>	1994	1500
<b>5. Irish Citizens and the Environment – A Cross-national study of environmental attitudes, perceptions and behaviours.</b> <b>European Community and UCD Social Science Research Centre</b>	1998	1000

### **1.8.1 National Survey of Attitudes to the Environment 1991.**

#### **(Lansdowne Research & Henley Centre)**

The first and largest study (1991, Lansdowne Research and the Henley Centre) was a national one involving interviews with 2000 members of the public. The research was an initiative of the Department of the Environment, forming part of its programme of environmental research and policy development outlined in the policy document 'An Environmental Action Programme', published in 1990. The study showed the general public to be aware of the key issues, even quite well informed about them.

The survey revealed a couple of issues that recur in this study. Firstly, it states, 'there is some evidence for the hypothesis that people with more money are more concerned about the environment. A key influence on attitudes is age. Teenagers were twice as likely as the rest of the population to cite the environment as an issue of concern for them.'

This survey also reports a significant increase in the overall level of concern about the environment in Ireland. In the 1980s the European Commission's Eurobarometer Survey in 1986 and in 1988 asked to what extent people thought problems relating to the environment were 'urgent and immediate problems', or problems for the future – or not really problems at all. Those people in Ireland saying that it is an urgent and immediate problem have increased in number from 56% in 1986, to 63% in 1988, up to 76% in the 1991 survey when the question was repeated.

The survey contains a section entitled '*From Words to Action*' in which it is noted that it is one thing for a person to voice concern about the environment but the real test lies in their willingness to change their behaviour as a result of their attitudes. As mentioned earlier, this is a key issue in Green Consumerism.

When they asked about 'environmentally friendly alternatives' for products, apart from aerosols, which were very well known, there was a generally poor response.

Interestingly, those aged 25-44 seemed most aware of the alternatives, but this the authors ascribe to the simple fact that these age groups are normally in charge of the shopping for their households. The authors caution, however, that 'awareness does not

necessarily mean that people actually buy these products.’ (National Survey of Attitudes to the Environment 1991. P. 11)

Cleaners and detergents appear to have been most affected in terms of number of people saying that they have stopped buying certain products or bought less of them, while food has been comparatively unaffected. This level of activity for detergents is further justification for their inclusion as a category in this study. One in five people in this survey ‘say that they select (in preference to others) because the label or pack describes it as environmentally friendly’. The figure of 20% of self-reported purchase activity seemed extraordinarily high and so during the research interviews with manufacturers and retailers, the author quoted it to them to see if they agreed with it. (See Table 4.2)

**Table 1.4: A Review of Green Activities**

<b>% Adults 15+ n=2000</b>	<b>Regularly</b>	<b>From time to time</b>	<b>Don't really bother</b>
<b>Buy Ozone friendly aerosols</b>	40	22	39
<b>Buy Environmentally-friendly toiletries</b>	26	23	51
<b>Use Recycled Household Paper</b>	18	22	60
<b>Use Bottle Bank</b>	17	17	66
<b>Use Biodegradable soaps/detergents</b>	17	17	67
<b>Buy Organic Produce</b>	13	31	57
<b>Return cans for recycling</b>	12	13	75

*Source: Department of Environment, National Survey of Attitudes to the Environment, Lansdowne Market Research & Henley Centre, 1991*

Lambkin (1996, p65) concluded, on the basis of this study, that the percentage who buy 'green' products and who recycle waste regularly will increase in the future.

### **1.8.2. Green Consumerism in Ireland – The Commercial Implications 1991.**

#### **(Irish Goods Council, John Corrigan)**

A further study undertaken in August 1991 by John Corrigan of the Irish Trade Board corroborates some these earlier findings. In his survey, over half of the respondents (54%) believed that Green issues will grow in importance for everybody in this country. A quarter of housewives said that green concerns influenced their shopping behaviour 'a lot' while 37% said it influenced them to 'some extent'. Corrigan's study also investigated attitudes of Irish retailers (specifically the five grocery multiple chains) and found that 80% considered the green consumer was 'here to stay and would be of greater importance in future.'

Corrigan (1991, p10.) also pinpoints age, social class and the presence of children as determining factors in peoples' concern for the environment. He found that housewives aged 35-49 were most influenced, particularly those with children. Older groups were less influenced and 'the well-to-do middle class (AB) were most influenced by environmental issues, possibly because a higher disposable income allows other factors than price to be taken into account. 84% of AB's said green concerns exerted at least some leverage on their shopping, while 41% indicated it influenced their purchasing behaviour a lot.

### **1.8.3. Purchaser Demand Patterns Examined from the Green Perspective 1993.**

#### **Trinity College**

McGibney (1993) states that the two key factors determining environmental concern and the actions of individuals were social class/income and age. Her study found women to show a greater level of concern about environmental issues than men, with women with older children (over fifteen years) showing the greatest concern. A possible explanation for this is that the mothers were informed by these older children of the importance of the environment.

In her study, McGibney (1993, p5) examined demand for environmentally friendly products within the laundry washing detergent market. The products selected all had a 'distinctive environmental flavour to their brandnames: Ecover, Down to Earth and Green Force'. The environmentally-friendly products were unambiguously more expensive than traditional products and accounted for less than two percent of market share. Traditional products consisted of well established brands such as Ariel, Persil, Fairy and Daz as well as more recent brands such as Radion. In addition, a number of quasi environmental brands were recognised in the study, these being the concentrate versions of the traditional brands.

Throughout the period of the study (18 months), the sales of all green products combined never exceeded more than 3.5% of total expenditure in the category. The concentrate powder versions did far better with sales of around 14% of the market. The poor performance of environmentally friendly products may be ascribed to a number of factors, according to McGibney. Firstly, purchasers may have been confused by the environmental issues associated with washing powder, and, secondly there was a media backlash at the time accusing manufacturers of jumping on the green bandwagon. Thus initial confusion may have been compounded by credibility problems. Also, the basis of comparison may not have been entirely fair to the weaker, newer environmentally-friendly brands. Brand sales and loyalty to the more established brands have been built up over time and they have a strong heritage with their consumer base, whereas it could be argued that brands like Ecover were relatively unknown.



Finally, though, there could be the more fundamental reason that the three green brands were just not good enough in terms of their primary function of washing clothes.

McGibney Reports that *Consumer Choice*, in a small trial, gave a sample of Ariel Ultra, Radion Automatic and Ecover to over thirty users in order to try out these products in their homes. After four weeks, in a comparison with their regular brand, both Ariel Ultra and Radion Automatic were considered better than the brands they had been using before while Ecover was considered worse than their usual detergent. It would appear that for those choosing to use Ecover, there would be implications in terms both of a higher price and a poorer performance. In October 1999, Ecover retails at IR£6.49 in Superquinn for a standard 1.5 Kg or E3 size box of washing powder. The equivalent size pack for any of the mainstream brands (Ariel or Persil) is roughly IR£2.89. Thus Ecover is two and a quarter times the price of standard brands of laundry detergent. One of the reasons cited for the failure of Ecover and other similar brands in the marketplace is the fact that they were priced at a considerable premium to the standard brands in their category.

#### **1.8.4. Economic and Social Research Institute (ESRI) Report on Attitudes to the Environment (1994)**

Another study published in this area was carried out by the Department of the Environment in conjunction with the **ESRI** and was published in January 1994. It also investigated consumer's attitudes to the environment and their willingness to reflect that concern in their buying and social behaviour. The results of this survey showed:

‘a high level of **declared concern** for the environment. A sizeable majority (70% of respondents) think the environment is an urgent and immediate problem and half think “that the quality of the environment is deteriorating”. Pollution of rivers, rubbish on streets, atmospheric problems and industrial waste disposal feature highest as issues for concern.”

‘In general, public concern for the environment was found to decrease with age. In general, women showed a greater concern for the environment than men, with women with older children (over fifteen years) showing the greatest concern.’

*ESRI Report 1994. p 30.*

The survey showed that recycled products are regularly bought by a quarter of the respondents mainly by women in the age group 30-44 years. It also showed that 16% of respondents regularly bring their own shopping bag to the supermarket with women and those over 60 years most likely to do so. This suggests that those for whom shopping is a regular and planned activity prepare in advance by bringing their own shopping bag along with them. While those whose shopping is non-routine are possibly less likely to think of bringing a shopping bag.

In an *Irish Times* article (August 21<sup>st</sup>, 1999. p7), Eamon Timmons suggests that ‘Irish people are in love with the plastic bag’. He reports that each year we use an average of 1.26 billion bags, the equivalent of one bag each per day. An estimated 80% of all bags are distributed by the grocery sector and any initiatives they have introduced to reduce the number used have failed. Superquinn’s reusable bag promoted in 1996 for 99p resulted in a reduction of just 2% in the number of bags they gave out while Tesco’s bag numbers fell by less than 0.5% as a result of its scheme to donate 1p to charity for every bag reused.

#### **1.8.5. Irish Citizens and the Environment – A Cross-national study of environmental attitudes, perceptions and behaviours.**

**European Community and UCD Social Science Research Centre (1998)**

This study was supported through the EU Fifth Environmental Action Programme (see Chapter 6) and was designed to obtain extensive information on attitudes, perceptions, policy preferences and behaviours in relation to the environment within member states. The report is organised under five main headings, of which three offer particularly useful insights for this study.

*i) Environmental Knowledge and Concerns*

In terms of the level knowledge about the environment, in relation to seven specific items ranging from the use of pesticides and chemicals to the greenhouse effect, it is clear that the Irish results ranked among the lowest of the countries examined. Only the Italians displayed a lower average score. It was clearly evident that knowledge levels were significantly influenced by a number of background factors such as age, education and personal income. Levels of knowledge were greater among younger respondents as well as among those who had relatively high levels of educational attainment and also relatively high personal incomes.

*ii) Environmental Behaviour*

While no one country consistently displayed high levels of environmentally friendly behaviour in all the areas examined, the findings concluded Irish respondents to be decidedly less active in this regard than those in other countries. A direct quote from the report supports some of the earlier findings:

‘Despite high levels of environmental concerns expressed, these appeared to be relatively superficial when it came to translating into concrete behaviours’

Again they concluded that good environmental behaviour by individuals was a factor of the background characteristics of the particular individual. They found the higher the respondents’ educational level the more likely they were, in the future, to adopt virtually all the environmentally sensitive behaviours examined.

### *iii) Environmental Policy Preferences*

In examining policy preferences the study sought to evaluate whether there was a willingness of the different populations to pay for environmental protection, either through the mechanism of higher prices or higher taxes.

Approximately half of the respondents indicated a willingness at a general level, to pay higher prices in order to protect the environment. This option was significantly preferred to paying higher taxes. Overall, Irish respondents were less receptive than their European counterparts to paying for measures designed to protect the environment.

### *Conclusions from this study*

In examining the thematic areas, the factors such as age, education and income emerge consistently as significant. They account for differences not only in policy preferences but also in attitudes, perceptions, knowledge and the predisposition of people to act in an environmentally friendly way. It can reasonably be argued that background factors are important in behavioural change and in shaping a greater willingness to sacrifice material goods for the sake of environmental protection. This study confirms that some population groups are more willing than others to countenance changes in tax, prices and regulatory structures for the sake of the environment.

### **1.8.6 A practical example - Down to Earth**

In 1992, the beginning of the period covered by this thesis, Reckitt & Colman, a leading consumer goods company, launched a brand called *Down to Earth* on the Irish market. The Down to Earth range of environmentally friendly liquids and detergents comprised five products:

- Biodegradable Washing Up Liquid

- Biodegradable Liquid Laundry Detergent
- Biodegradable Fabric Conditioner
- Biodegradable Liquid Toilet Cleaner
- Biodegradable Liquid Window Cleaner

Packaging for the products was predominantly green, and the labels carried an illustration of two dolphins which was incorporated into the Down to Earth logo.

The launch of Down to Earth brought to five the number of environmentally friendly product ranges on the supermarket shelves by mid-1992. The others were, Ark, ECOS, Green Force and Ecover.

As part of a series in Checkout Magazine called 'Brandwatch', over 500 interviews were conducted with housewives throughout the country by Lansdowne Research to assess their reactions to and experiences of this new brand.

In her summary, Anne Meagher, Director of Lansdowne Research, said:

'Current users of Down to Earth can most typically be found amongst young, urban housewives with a slight up-market bias. Not surprisingly, considering the fashionability of "greenness", Down to Earth products appear to be more appealing to housewives under 50, and even more specifically to under 35's. It is encouraging for a brand range such as Down to earth to display a strong representation among young housewives. It seems not unreasonable to anticipate further development and success of the Down to Earth brand given heightened awareness of environmental issues and the introduction of more and more green products.' (Checkout: September 1992, p10)

This prediction was based on an awareness level of 66% for the brand, with 33% of housewives claiming to have 'ever used' Down to Earth: 16% claimed to have repeated the purchase with 10% having bought more than twice. Only 4% claimed to be 'regular users' of the brand.

All the indicators looked favourable for Down to Earth, it would appear to have been the right brand, with the right consumer proposition at just the right time. Certainly, if the consumers interviewed for the Checkout article were to be believed, the brand had a bright future. However, the results that seemed likely failed to materialise.

Within two years of the Checkout article, the brand had completely disappeared from the Irish market. Retail sales declined so badly that the brand no longer justified allocation of any shelf space in retail outlets. Despite the green packaging, the green proposition and positioning, Down to Earth was removed from supermarket shelves and officially discontinued by the supplier.

But Down to Earth was not alone in failing to catch on with Irish consumers. AC Nielsen have provided, for this study, a list of brands which exited the market during the period under review:

**Table 1.5: Environmentally friendly brands which have exited the market 1992 - 1995**

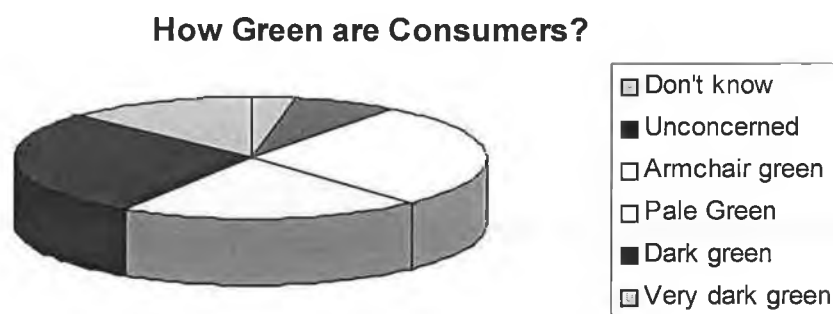
<b>Product Category</b>	<b>Brand Name</b>	
Fabric Softeners	Green Force	
Fabric Detergents	Down to Earth	Ark
	ECOS	Green Force
Washing Up Liquid	Down to Earth	Green Force
Household Cleaners	Greenforce	

Source: AC Nielsen 1997

It would seem reasonable to conclude that there is a mis-match between what consumers claim to do and what they actually do, in terms of their purchasing behaviour towards environmentally friendly brands in particular. If, as was reported in the ESRI survey that

20% of consumers were actively sourcing environmentally-friendly alternative products to the ones they normally chose, it is highly unlikely that all the 'green brands' in the above table would have had to exit the market because of poor consumer rate of sale.

This high level of expressed interest is not exclusive to Ireland, a search of the literature reveals that in the UK a similar phenomenon was apparent during the mid 1990s. The London Independent in December 1994 claims that, in the UK, the 'Green Consumer is alive and well.' The report quotes from a Mintel survey based on nearly 1000 consumers which found that the proportion who look for green products and are prepared to pay for them had climbed from 53% in 1990 to 60% by the end of 1994. On average, they said they would pay 13% more, although the premium is higher among women, managerial and professional groups and those aged 35 – 44. The Mintel report attempted to stratify the respondents into shades of green:



**Figure 1.1** Source: BMBR/Mintel 1994

The Financial Times (December 17<sup>th</sup>, 1994) review of the same Mintel report suggests that already (1994) suggestions that environmental awareness had declined had prompted some UK retailers to withdraw green products introduced during 'the environmental boom of the early 1990s'. The point stressed in the Financial Times' report is that green consumption was more evenly spread in terms of income and age. 'Moreover, the indications are that consumers will increasingly expect more information about a product's history and a company's business background before parting with their cash'.

So, environmental concern and activism differs among consumers and this may be described as different shades of 'greenness' within the population. Murphy (1989) made

the original attempt to classify consumer attitudes into a four tiered spectrum of greenness:

### 1.8.7 Shades of Greenness

**Table 1.6: Four Shades of Green**

Shade	Characteristics	% of Population
<b>Green Activists</b>	Members and supporters of green organisations	<b>5 - 15%</b>
<b>Green Thinkers</b>	Actively seek out green products and may be involved in time consuming activities like recycling etc	<b>25 - 30%</b>
<b>Green Consumer Base</b>	They feel they have taken vital action and played their part through buying non-CFC aerosols.	<b>45 - 60%</b>
<b>Generally Concerned</b>	Includes everyone who voices concern about the environment	<b>80 - 90%</b>

(Murphy 1993)

Recent studies in the US market by Kaufman (1999) suggest that the environment is just not going to go away as an issue of public concern because for many consumers it is now a way of life. It is no longer simply something to be ticked off a mental checklist when buying a product, it is a state of mind.

Possibly because environmental concerns have become 'a state of mind' there have been few recent consumer studies in the area. Enquiries in Ireland for news of some new



research into consumer attitudes to the environment have yielded little. There is a strong sense from certain quarters (the research companies) that the environment has been replaced as a major issue of concern in consumers' minds by other, more recent issues like BSE, CJD or GMO's. A senior officer, Liam Gleeson, from the Department of the Environment has confirmed that the Department has not commissioned any fresh research into public attitudes to the environment since those reported here. Nor, he says, are any planned. This confirmation was given in a telephone conversation with the author in July 1999.

Moreover, Lansdowne Research, the company involved in carrying out the bulk of the research reported in this study, have confirmed that they have not been involved in any projects in this area since the ESRI report in 1993. This suggests that while individual companies may be carrying out ad hoc projects, the major environmental agencies have ceased to monitor consumer concerns about the environment.

The Department of the Environment explained this by saying that they (the Department of the Environment) will be fully stretched to comply with all the European Directives and Government policies on the environment without having to conduct and analyse research from the public about their attitudes. He felt that consumer opinions in this area are largely irrelevant as the agenda for action has been set by the EU and ratified by the Irish Government.

The idea that green concerns may have peaked is reflected in an article in the Financial Times (January, 1997) where a UK social trends report shows evidence that mounting concern over the environment may have slowed down. 'After an explosion in green consumerism in the late 1980s, the number of people who chose one product over another because of environmentally friendly formulation or packaging has dropped to 36%. In 1991, it had been at 49%.' This report provides evidence of a 25% slump in interest in the green market in the UK.

### **1.8.8 The Future of Green Marketing**

According to McDonagh and Prothero (1994) , environmental concern has always moved up and down society's agenda according to the perceived state of the environment and the importance of other issues in society at the particular time. However they believe that a 'ratchet effect' operates, which tightens to ensure that every short-term fluctuation in concern translates into a long term deepening of interest in the area.

Agreement for the principle of waves of environmental concern which ebb and flow over time, depending on the socio-political agenda of the time is also expressed by Eden (1996, p14).

Hutchinson (1997, p6.) says that 'business will play a vital role in the future health of this planet. As business leaders, we are committed to sustainable development, to meeting the needs of the present without compromising the welfare of future generations. This concept recognises that economic growth and environmental protection are inextricably linked, and that the quality of present and future life rests on meeting basic human needs without destroying the environment in which all human life depends. New forms of cooperation government between business and society are required to meet this goal.'

For anyone who thinks the environment will somehow move out of fashion as an issue for marketers and be replaced by the next fad needs to bear two important points in mind.

Firstly, Elrich's (1990) IPAT model which expresses the overall impact of economic activity on the physical environment as:

$$\text{Impact} = \text{Population} \times \text{Affluence} \times \text{Technology}$$

The authors also state that according to UN forecasts, 'the world's population could reach 8 billion as early as 2015, a 60% increase from 1985 levels. If humankind were to continue current rates of population growth, consumption and methods of production, then by 2030 critical natural resources could last less than a decade more, and humankind would generate 400 billion tons of solid waste each year, enough to bury Los Angeles 100 metres deep'

The second key driver is the advent of a new generation of consumers, entrepreneurs, investors and employees. These will be more environmentally literate, more motivated and more likely to take action to protect the environment. What McDonagh and Prothero refer to as the 'Blue Peter Effect', they say results from the integration of the environment into education and even into popular children's entertainment. One of the effects of this has been that undergraduates are showing measureable increases in environmental concern when considering potential employers (Charter, 1992)<sup>1</sup>.

According to Peattie and Charter (1994), Green consumerism is likely to evolve in three phases:

- **Substitution:** Characterised by green consumers differentiating between products on the basis of their eco-performance, much confusion over concepts and terminology, and with a great deal of sales and public relations activity dressed up as green marketing. The result, so far, has been increased consumer cynicism about green claims as demonstrated by *Gerstman and Meyer's – 1992 Third annual Environment Survey* finding that 91% of US consumers rated marketers as the 'least concerned' about the environment.
- **Systemization:** The establishment of the EC Eco Labelling scheme and the implementation of BS 7750 for Environment Management Systems should move the entire game onto a new plane of recognised performance criteria and evaluation. Better information for consumers will allow more informed and consistent green purchasing. Provision of environmental information and provision for recycling of products will become standard practice. The whole area of compliance will be strictly governed by increasingly stringent legislation.
- **Societal Change:** The deepening environmental crisis will eventually lead to a more radical shift in consumer behaviour challenging the very basis of demand and consumption. This will be part of a wider social, political and economic upheaval to develop a more sustainable society. Consumers will increasingly become conservers and will seek opportunities to recycle and to recondition products and to achieve satisfaction through non-purchasing-based activities.

## 1.9 Summary

There seems little doubt that, on a global scale, a dangerous level of damage has been committed to the earth with many of its essential, natural biosystems now beginning to show sinister and irreversible signs of the toll our consumer society has placed upon it. That business has neglected its duty to the environment is also beyond dispute. As a consequence, a new model of commercial economics is now needed to reflect the wider social and environmental issues that business will have to factor in to its commercial strategy development in the future.

Entire economies and individual corporations will have to look towards a new form of development and growth. One major obstacle preventing sustainability being achieved is the reluctance of the western world to reduce the level of consumption to which its wealth has made it accustomed.

While increasingly, governments are adopting certain instruments such as subsidies, labelling directives and even taxes to help direct consumption towards more environmentally friendly alternatives, there is also a need for education among consumers.

Nevertheless, the public is now better informed than ever on environmental issues. Sadly, they have mainly acquired this level of familiarity with the environment because of high-profile publicity surrounding a series of global environmental disasters over the last twenty five years. In 1992, the Earth Summit in Rio also helped to make the environment and environmental consumerism headline news.

Over a number of quantitative studies, Irish consumers have declared themselves deeply concerned about the state of their national environment. Many have said that they are willing to reflect their concern with the choices they make while shopping.

However, there is evidence that Irish consumers, when it comes to environmental matters, may be saying one thing and practising another. It would appear from the failure of the green brands to gain adequate or sustainable market share on the Irish market, that Irish consumers, despite their claims to the contrary, are unwilling, to pay the extra price or to sacrifice any element of performance from their household products. The 1998 report *Irish Citizens and the Environment* confirmed that awareness about the condition of the environment, along with willingness to take any measures to improve it are lower in Ireland than in other EU countries. The report also highlighted a recurring issue in this study, the superficial nature of Irish consumers' expressed concern about the environment.

The literature suggests that concern for the environment comes in distinct peaks or waves and that there is a predictable sequence of events which normally trigger high levels of consumer interest. Therefore, although events like the Earth Summit in Rio gave an unprecedented level of publicity to environmental matters, there had been similar waves of interest both in the 1970s and in the 1980s.

In the UK, according to the Financial Times social trends report, there is strong evidence of a dramatic reduction in the level of interest in buying environmentally friendly products.

The concept of shades of greenness demonstrates that, at the basic level, nearly everyone will express some concern at the state of the environment, but very few are willing to do anything about it. One consideration appears to be that individual consumer's action in this area will not result in any personal or direct benefit for that consumer. Society, as a whole is the main beneficiary. Thus, it may be reasonable to assume that individuals with a higher disposable income, and with a higher than average level of education who are parents are likely to be the main group affected by initiatives in this area.

While the concept of green consumerism has many advantages for the environment, it is not without its critics. Some see it as merely a palliative through which consumers can continue to buy even more products and still feel good about doing it.

The purpose of this study is to assess the extent to which green consumerism has become a phenomenon in Irish consumer goods manufacturing, within two specific sectors, and in the food retail sector in Ireland. By interviewing key players in selected markets, this study will seek to establish the direction of effect and the level of effect of green consumerism in those markets in Ireland - and most importantly, whether the issue is likely to grow or diminish in the future and what will be the key drivers behind it.

## **Chapter 2**

### **The Irish Food Retail Sector**

#### **2.0 Introduction**

The purpose of this Chapter is to set briefly in context some of the major trends evident in retailing in Europe and to examine the Irish experience against this backdrop.

In order to understand the factors affecting the phenomenon of green consumerism, it is worth reviewing the overall grocery market in Ireland, the Irish population structure and trends as well as major social and economic influences.

The main objective is to analyse the market in which consumers make their decisions about the two product categories which form the core of this study e.g. paper products and laundry detergents.

What this Chapter reveals are a number of social and economic trends that will impact considerably on the markets under review and should challenge consumers to think more about their environment. The section begins with a look at some of the major trends evident in retailing in Europe and compares the Irish experience against this larger canvas.

Because comparisons with Europe do not adequately capture the unique buoyancy and prosperity the Irish economy has experienced over the last five years, special attention is devoted to the Irish population structure and trends as well as to social changes.

## **2.1 The European Retail Market**

The Republic of Ireland was one of the earliest members of what was then the EEC and has steadfastly observed its regulations. Cynics may say that this compliance is largely motivated by self-interest, as the country has been one of the European Union's biggest beneficiaries. On the other hand, the economy in Ireland has been fully aware of the considerable trading advantages of observing these regulations.

Because of the close integration of the Irish economy within the EU (European Union), it is suggested that many of the trends which are observable in Europe itself are reflected in those which are evident in the Irish economy. Hence any analysis of the Irish food retailing sector is enhanced by seeing it against the wider pattern of European trading.

The creation of a Single European Market is now part of the European retailing landscape. It offers retailers the opportunity to access new European markets and the potential to reach up to 340 million customers. At the same time, it promises to deliver even more intense competition in each of the participating domestic markets.

Within the Community, the major retail markets are those of France, Great Britain and West Germany, with retailing in Italy being relatively underdeveloped. Singavi and Threadgold (1990, p19) acknowledge that one could be excused for thinking that this is simply a 'three horse race'

The per capita gross domestic product for France, say the authors, is about one third higher than Great Britain's and Germany's is about two thirds higher. In retail terms these differences mean that the total markets of France and Germany are much larger than Great Britain's (both enjoy per capita sales over 60% higher than Great Britain).



France, in particular, enjoys a high level of retail sales reflecting in part the relatively low cost of housing there suggesting a higher level of discretionary income. The recessionary effects of the 1980s were felt in all countries. In Germany, it resulted in a decline in retail spending in real terms until 1986. Only the UK experienced the spending boom of the later 1980s with the consequent effects this has had on retail structure.

Retail concentration is the highest in Great Britain, with France enjoying quite a low level of concentration (in part this is due to the 'Loi Royer' planning law which is intended to safeguard small retailers).

The authors also state that concentration has intensified in all European markets between 1988 and 1990. This dramatic trend towards concentration has been led by food retailers. Now independent retailers account for less than 50% of the total market in each country.

## **2.2 The Consumer Unit in 1990s Europe**

Traditional models of household living have steadily been eroded giving way in the 1980s to the North American model often characterised by later and less permanent marriage, fewer children and single-person households.

According to Waters and White (1987) family and household arrangements of the future will be the result of more relaxed social conventions and a loosening of old bonds of economic necessity. They give four examples of the new economic family unit retailers can expect:

1. *The new extended family* - is the consequence of serial monogamy where partners will have offspring of previous relationships living with them.
2. *The mononuclear family* - has a lone male or female household head. This is the result of a rapidly increasing divorce rate. The UK divorce rate has increased by a factor of almost six over the period 1961 - 1982.
3. *The single person household* - is becoming a significant feature of the marketplace

4. ***The dual person household*** - is a powerful economic unit with many young couples (either married or co-habiting) choosing not to have children, opting instead for social and economic freedom. This category will also include the 'empty-nesters' e.g. couples whose children have left home.

White and Walters (1987, p20) believe that in the UK these trends will have a fundamental impact on consumer behaviour in terms of decision making, especially in the following ways:

- Working women will have less time to spend shopping but more income. They are likely to seek convenience and service and be less price sensitive.
- Single parent households will largely be subsistence based and price sensitive.
- Single person households will be likely to favour convenience products and shopping. Price is unlikely to be of concern except for the elderly.
- The young have become a distinct market segment.

Thus, the author believes the major social patterns that retailers will have to factor into their marketing strategies include:

1. A reduced role for the standard/conventional family unit.
2. Proliferation of new household types especially single person (young and elderly) or two person households.
3. Within multi-person households, shared responsibility for purchasing decisions.
4. Growing individualism in tastes and preferences with the growth of self-expression and resisting standardisation.

### **2.3 Retail Concentration & Internationalisation - why did it take so long?**

Retailing until the 1980s was a relatively fragmented and regional business even within domestic, national borders. Within the UK and Ireland, market shares and consumer preferences varied considerably within regions.

According to Wileman and Jary (1997, p218), the same internal variation and patchy presence was even more characteristic of other major European markets such as France and Germany, and is still characteristic of many retail sectors of the US. Before the late 1980s, only the Netherlands, Sweden or Switzerland were consolidated at a national level.

The priority for retailers until the 1980s was, therefore, competition and consolidation within their home markets. Wileman and Jary believe that it was unclear exactly what advantages an international retailer might have over a strong local player. Small local stores predominated; decision making was often still made at individual store level; retailers had not yet made the investments in supply chain and point-of-sale systems.

Moreover, local market conditions such as regulations, consumer preferences and competition differed widely between countries. An international retailer seemed to have little, if any, advantage in economies of scale and faced a steep learning curve in even matching up to the local market, established competition.

In fact, actual market experiences of some of the large retailers seemed to bear out this diagnosis. Many non-US retailers have failed in their attempts to enter the USA, including the four major French retailing groups, Carrefour, Auchan, LeClerc and Euromarche, all of whom entered in the mid to late 1980s and withdrew by 1993.

‘Carrefour also failed in its early expansion attempts into Germany and the UK. Boots had a disaster with its venture into Canada; M&S was failing in its overseas stores; Habitat’s US operation managed to lose 50% on sales at its lowest moment. US retailers, apart from efforts into Canada, hardly bothered to try to internationalise; Woolworth’s, one of the earliest examples of international retailing, was sold off to local owners outside the USA.’

(Wileman and Jary, 1997, p67)

However, the authors point out that several factors now work to give international players economic advantage over smaller local players. International retailers have concentrated buying power with global producers that can be transferred from one market to another. Investment in expensive and sophisticated retail systems like EPOS and ECR can be both transferred and amortised across international markets, making it difficult for local firms to compete.

Allied to that, the sophisticated, centralised decision making and decision support services of large scale retailers can now cope with differences in consumer demand between countries - as they can between regional markets and even individual stores within the home country.

Furthermore, consumer demand itself is becoming more homogenous as consumers everywhere show a willingness to experiment with a limited variety of multinational offerings and brands with powerful advertising resources, like McDonalds and Burger King win over consumers regardless of differences in cultural heritage and habits.

Finally, the growth of in store brands, particularly in fashion and home lifestyle, has enabled retailers to manage themselves as global producer brands. Fashion retail brands such as Benetton, Gap and Laura Ashley are as international in scope as many leading global producer brands.

1999 has seen some significant advances in retailer internationalisation, especially in food retailing. The US superstore, Wal-Mart took over Britain's third largest retailer, Asda in July 1999. In August came the merger between France's Carrefour and Promodes which have, according to the *Irish Times* raised fresh hopes of a bid for Tesco, Sainsbury's or Safeway, all of whose share prices were up between 2-5% following the merger announcement.

Tesco are apparently on top of the British list of potential targets because of its dominant home market position, highly regarded management and its ambitions to be a global player. Tesco's expansion into Ireland is discussed in some detail later in this Chapter.

## **2.4 Retail Internationalisation - some Irish casualties in the 1980s**

Misjudging market conditions was also evident in Ireland as many of the UK retailers who tried to enter the Irish market in the 1980s were forced to withdraw within a relatively short time. In fact, the Irish market claimed some high profile casualties in the early 1990s, for example Lipton, Five Stars, Tesco's, H Williams, MFI, The Sock Shop and Woolworth's.

The failure of these enterprises to continue to exist on the Irish retail scene confirms the belief of Dr AJ Parker (1990) when he described retailing in Ireland as 'the rocky road to ruin.'

Dr Parker ascribed the poor performance of the UK retailers in Ireland to a combination of social and economic factors. One of these was the dramatic population decline, within certain age groups, in Ireland during the mid to late 1980s which occurred as a consequence of a falling birth rate combined with a high level of emigration.

Dr Parker noted that, curiously, the numbers of households were increasing at a time when the population was relatively stagnant. This is because the average size of household is declining as younger people are leaving home earlier to set up homes of their own. Couples are increasingly cohabiting before marriage and marital breakdown is leading to the establishment of two households where previously there was only one.

In terms of social factors, Dr Parker notes that the practices of shorter working weeks and earlier retirement are international phenomena that are evident in Ireland. 'The three 45's of the not so distant past, may become the three 35's of the not so distant future - a 35 hour working week; a 35 week working year and a 35 year working life. These can lead to increased leisure time among people who are both active and affluent.'

However, within the last decade the Irish retailing sector has witnessed changes of enormous magnitude and rapidity. It could be argued that the changes have now come

full circle. From the UK retailers' standpoint, the decade started poorly with many of them having to close up shop and decamp back to the UK and then in the latter end of the 1990s, a more favourable landscape has led them to return to Ireland in significant numbers.

The so-called *Celtic Tiger*, a term widely adopted by the Irish media to describe some of the characteristics of the rising Irish economy which appeared follow the pattern of the Asian economy in the 1980s, proved a decisive factor in luring back such food retailing luminaries as Tesco, as well as attracting a number of first time entrants to the Irish market e.g. Boots, Debenhams, Dorothy Perkins and Dixons/Curry's. A stroll down Grafton Street, the country's premier shopping street, will reveal the following shop fronts M&S, Miss Selfridge, Thornton's, HMV, Next, Sock Shop, Benetton, Body Shop, Cable & Co, Laura Ashley, Wallis, Scholl and Clark's. It should be noted that the term does give some cause for concern, as the Asian economies are not so dominant as they once were.

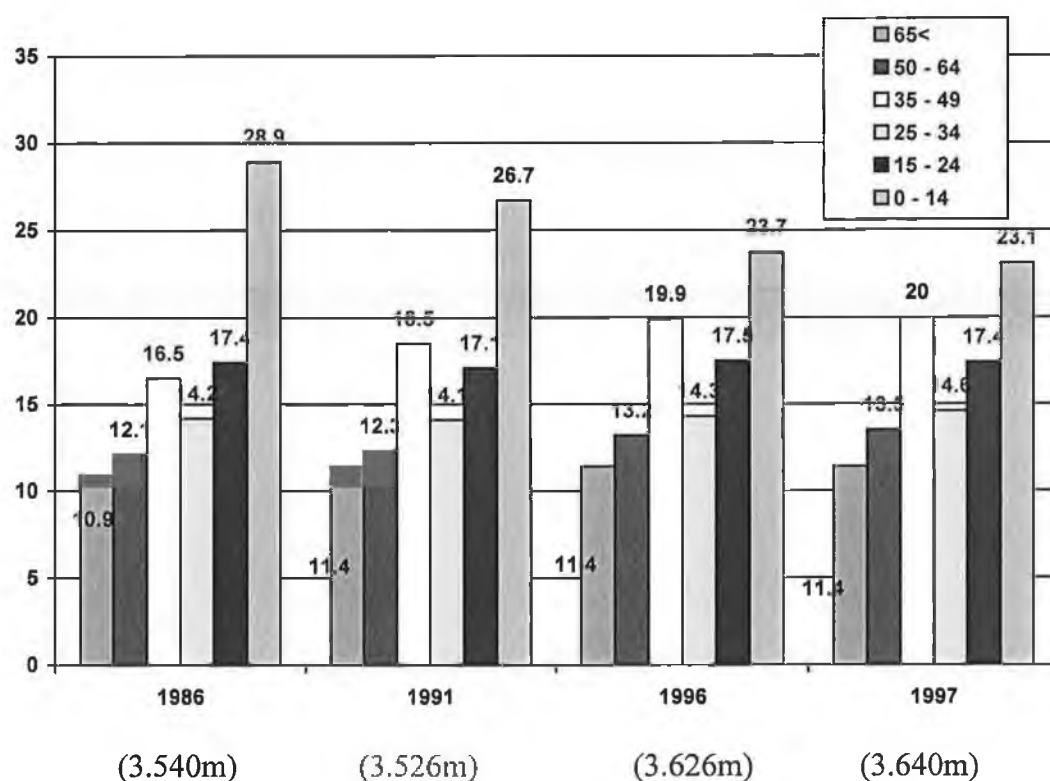
The attraction of Ireland for UK retailers according to Checkout magazine (October 1998) is that the positive economic climate of the last five years means consumer spending has made a significant increase every year, reaching a peak of 6.3% in 1997. The grocery market accounts for 22% of consumer expenditure and has benefited from our increased prosperity growing at 5% in value in 1998. In addition, says Whyte, the Irish population is growing, fuelled by returning emigrants and the arrival of highly skilled immigrants with a high percentage of the influx occurring in the 20-40 age group. The smaller number of children per household has also led to a decrease in the dependency ratio, giving consumers a higher disposable income.

Figure 2.1 shows the change both in population and in population structure over the period between 1986 and 1997. The total population has increased by 3.2% between 1991 and 1997 due in no small way to the slow-down of emigration. So, while in absolute terms, the population growth is modest, the significance lies in the segments of the population which are growing the fastest. These are the more affluent layers of

society, the 35-49 yr. olds, mainly working and most likely to be supporting families. This age group has grown from 16.5% of the population in 1986 to 20.0% in 1997, a rise of some 21.1% over the period.

An *Irish Times* report (October, 1999), states that the population of the Republic of Ireland is at its highest since the foundation of the state, according to figures released by the Central Statistics Office (CSO). Net immigration and a continuing high birth rate in the year to last April pushed the population to 3.74m, a figure that is the highest since the 3.87m recorded for the 26 county area in an all-Ireland census in 1881.

**Figure 2.1: Population Changes in the Republic of Ireland 1986 - 1997**



Source: AC Nielsen 1998

## 2.5 The invasion of the UK Retailers

Business and Finance (May 7<sup>th</sup>, 1998) reports that the then current edition of *Corporate Intelligence on Retailing*, which they describe as the UK's retail bible, carries a feature in which it is reported that Ireland now plays host to most of Britain's top retailers, many of which have burst onto the Irish scene through acquisition over the last year.

Tesco is a case in point. Since its IR£630m take-over of the Quinnsworth and Crazy Prices chain in March 1997, the company has been painfully careful not to 'upset the natives'. Tesco has embarked on a *listening campaign*, which had the objective of establishing just what their customers were expecting from the chain in Ireland.

In a report in Business & Finance (May 7<sup>th</sup>, 1998) entitled *Retail Man*, Tesco's manager with responsibility for Ireland, David Potts gives a very comprehensive account of his company's vision and strategy for their Irish stores.

'Tesco Mark II is not going to repeat the mistakes made when, in a previous incarnation, it entered the Irish market, threw its weight around and returned to the UK with its tail between its legs over a decade ago. Tesco Mark I was a discounter but Tesco in the last three or four years has reinvented itself.

The rebadging programme (e.g. putting the new Tesco fascia and branding onto the new stores in Ireland) will continue on an incremental basis with Tesco applying the lessons and experiences of each store to subsequent redevelopments. Nor will there be a rigorous sameness about every Tesco store.

Over 11,000 Irish customers have been interviewed, their suggestions, gripes and compliments are encompassed in a 12-point plan which Tesco is now implementing in stores across the country. The day to day stuff includes



improving service and bag packing, making stores less cluttered and providing adequate car parking facilities.'

*(Business & Finance May 7<sup>th</sup>, 1998)*

But the tiptoe strategy of Tesco's arrival in Ireland does little to conceal the seismic changes which are going on in the retail market. Customers are changing, their buying decision making and behaviour is changing and the retailers intended to serve them are changing just as quickly.

### **2.6.1 The Calm Before the Storm**

In a report in Business and Finance (October 1997), the changes following Tesco's arrival in Ireland and Safeway's joint venture in Northern Ireland are described as only the beginning. They predict that Superquinn will be the subject of a take-over by Sainsbury's and are surprised that Sainsbury's has not already made the bid.

They also predict the arrival of Costcutter Supermarkets, a new and formidable competitor for the symbol chains of Spar, Londis, Centra and SuperValu. In another report in the same journal (Business & Finance 05/02/'99), Liam Igoe, analyst with Goodbody Stockbrokers is quoted:

Costcutter could find it difficult here. Musgraves (SuperValu and Centra) and BWG (Spar and Mace) have done a very good job in developing the Centra and Spar franchises putting in reasonably well-designed stores in good locations. However, it will be a blow for the independent retail sector. More and more are going to have to align themselves with the symbol groups and Costcutter could benefit from that.

*(Business & Finance February 1998)*

Checkout Magazine (May, 1998, p9) carried a report that Lidl, the German discounter, is also planning to enter the Irish market. Discount stores, they report, are usually basic in

appearance, located on cheap, secondary sites carrying around 1200 lines, with food items making up 90% of sales. Secondary and own label brands prevail. They contend that Lidl is making a very brave move by entering the Irish market as its performance in the UK where it has about 115 stores has been much slower than originally forecasted at around 0.2% last year.

## **2.7 The Structure of the Irish Grocery Trade**

This thesis uses as its backdrop the Irish Grocery Market which is an important subset of the overall retail environment. To appreciate the trends that have wrought such dramatic change, it is worthwhile reviewing some of the market's key indicators.

The extent to which the retail trade can be expressed statistically is limited by the non availability of up-to-date material. What information there is available comes from the following sources (many kindly supplied for this study by Mr Michael Campbell, Director General, RGDATA)

### ***Main Sources of data:***

1. Data on the household by the Central Statistics Office (CSO) Household Budget Survey (HBS)
2. Information on the distribution sector is available from the latest Census of Services (1988)
3. The CSO also produce volumes and value indices of retail sales classified by 10 broad store categories of which grocery outlets are one of the specific categories identified.

4. Apart from official Government statistics, two major international, private research companies operate in this market. A C Nielsen and AGB Research (Attwood). Both have co-operated and supplied material.

5. The Irish Association of Distributive Traders (I.A.D.T) represent all major wholesale and cash and carry outlets. They also have allowed the author access to relevant material.

6. Centre for Retail Studies U.C.D and The Henly Centre both publish work in this area.

7. Trade sources and trade journals.

In the author's opinion the most useful retail material is that published by A.C. Nielsen who have been monitoring trends in shop numbers, types, locations and turnover for twenty five years in the Republic of Ireland.

### **2.7.1 Trends in the Irish Grocery Market**

In a new report entitled 'Grocery in Ireland' which is reviewed in the February 1999 issue of *ShelfLife* the following extract is quoted from the report:

'In the Republic, the grocery market was valued at IR£4.75 billion in 1996 and is growing by at least 3% per annum. The multiples have approximately 58% of the market, with the Symbols and Independents holding the remaining 42%. The popular misconception of rural southern Ireland as a poor, backward, predominantly agricultural country is nowadays more incorrect than it ever has been. The country is experiencing extremely rapid economic growth. Between 1993 and 1997 GNP growth averaged over 7.5% per year and the same rate of growth is expected for 1998. This means that in the five years since 1993, national income will have risen by 44%. Overall, the Republic of Ireland represents an excellent opportunity for any company looking to expand as a number of UK multiples have realised. But it is different from the UK.

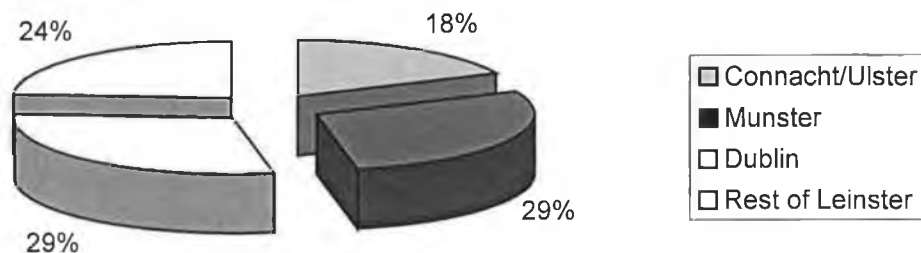
Throughout the island, tastes are different, different products are popular and own brand penetration is much lower than in Britain. Outside Dublin, the southern Irish grocery market is characterised by smaller stores and a more personalised service than is usual in Great Britain. Even in supermarkets, the southern Irish shoppers expect the personal touch.'

*ShelfLife: February 1999*

In terms of geographical dispersal, Dublin is home to nearly 30% of the population and Rest of Leinster accounts for a further 24%. Munster, which includes the major cities of the south west Limerick and Cork, also accounts for 29% of the population with Connacht/Ulster the most sparsely populated area with only 18% of the population residing there.

**Figure 2.2:**

**Republic of Ireland Population Breakdown by Region %**



**Source: AC Nielsen 1998**

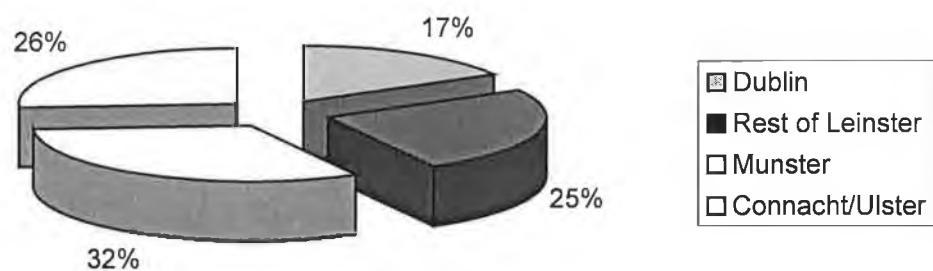
The location of the retail outlets does not quite mirror the dispersal of the population in terms of regional split. In the major urban centres, the outlets are fewer in number although they are mainly built around large shopping centres. While the rural areas have more stores but they are more widely geographically dispersed and are usually smaller in

size. Thus, Dublin, although home to 29% of the population, only has 17% of grocery retail outlets.

Conversely, Connacht/Ulster, although home to only 18% of the population has at its disposal 26% of the retail outlets in Ireland.

**Figure 2.3**

### Grocery Outlet Numbers By Region



**Source: AC Nielsen 1998.**

In AC Nielsen's latest retail census, one of the most notable features is the further concentration of the retail business. In absolute terms, the physical number of grocery outlets has declined by almost 50%. In 1977, there were over 9,000 grocery outlets while the corresponding figure some twenty years later is 4,800.

**Table 2.1:**

**Trends in Retail Shop Numbers 1977 - 1998**

Year	1977	1983	1988	1991	1993	1996	1998
Number of Outlets	9042	7736	6575	5909	5813	5296	4898

**Source: AC Nielsen 1998**

Although the actual number of stores has declined, turnover (according to Nielsen) is up having increased from IR£1800m in 1983 to IR£4484m in 1998 (an increase of 249%).

The biggest casualty of this trend of turnover concentration is, predictably, the independent grocer. Even in the last four years, their numbers have dwindled by over 1,000 outlets. A number of the larger independents have been absorbed into one of the symbol groups while others will simply have gone out of business.

Much of the turnover they could have expected has moved into the garage forecourt area as the number of Garages with independent shops has risen dramatically during the 1990s (+46% between 1994 and 1998).

**Table 2.2** Shop Numbers by Outlet Type 1994 - 1998

	1994	1996	1998
Multiples	160	149	157
Symbol Groups	1015	1084	1152
Independent Grocers	5652	4997	4631
TSN's	1863	1942	1812
Garage Shops	979	1282	1429
<b>TOTAL</b>	9,669	9,454	9,181

*Source: AC Nielsen 1998*

## **2.8 Social and Economic Trends affecting the Irish Grocery Market**

Mr. Leo Crawford, Managing Director of BWG Foods (operators of the successful SPAR franchise in Ireland) presented an overview of the Irish grocery trade at a recent seminar of the Sales Institute of Ireland in November 1998. In his review, Mr. Crawford listed what he considered to be the important social elements likely to shape the Irish retail market as:

- Continuing population growth
- Rising urbanisation
- Decreasing household size
- Trend towards more convenience foods
- More married women in the workforce

In terms of the economic trends Mr. Crawford predicted would have an impact on the retailing business over the next three years, the following were seen as key drivers:

- Continuing buoyancy in the market
- Potential increase in inflation
- Falling unemployment
- Growing tourist numbers
- Difficulty in recruiting staff

‘In essence,’ summarised Mr. Crawford, ‘Irish consumers are cash rich and time poor. All of these factors have led to the growth of convenience shopping in Ireland’

Irish demographics have also moved with the times and are reflective of the European norms in terms of co-habiting couples and lone parent families. The chart below shows that as a percentage of households, couples with children have steadily declined to only 43.6% of all households in 1997 from 51.3% in 1986. This represents a decrease of 15% in the numbers of couples with children in the population.



**Table 2.3 Household composition in Ireland 1986 - 1997**

	1986	1991	1996	1997
<b>One Person</b>	18.5%	20.2%	21.5%	22.6%
<b>Couples without children</b>	12.9%	13.8%	15.2%	16.4%
<b>Couples with children</b>	51.3%	48.4%	44.8%	43.6%
<b>Lone parents with children</b>	10.2%	10.7%	11.3%	10.3%
<b>Non-family Households</b>	7.1%	6.9%	7.2%	7.1%

*Source: AC Nielsen 1998*

This has led to a proliferation of households comprising one or two people. The number of households comprised of either of only one person or of a couple without children now accounts for 39% of all households, an increase of 24% since 1986.

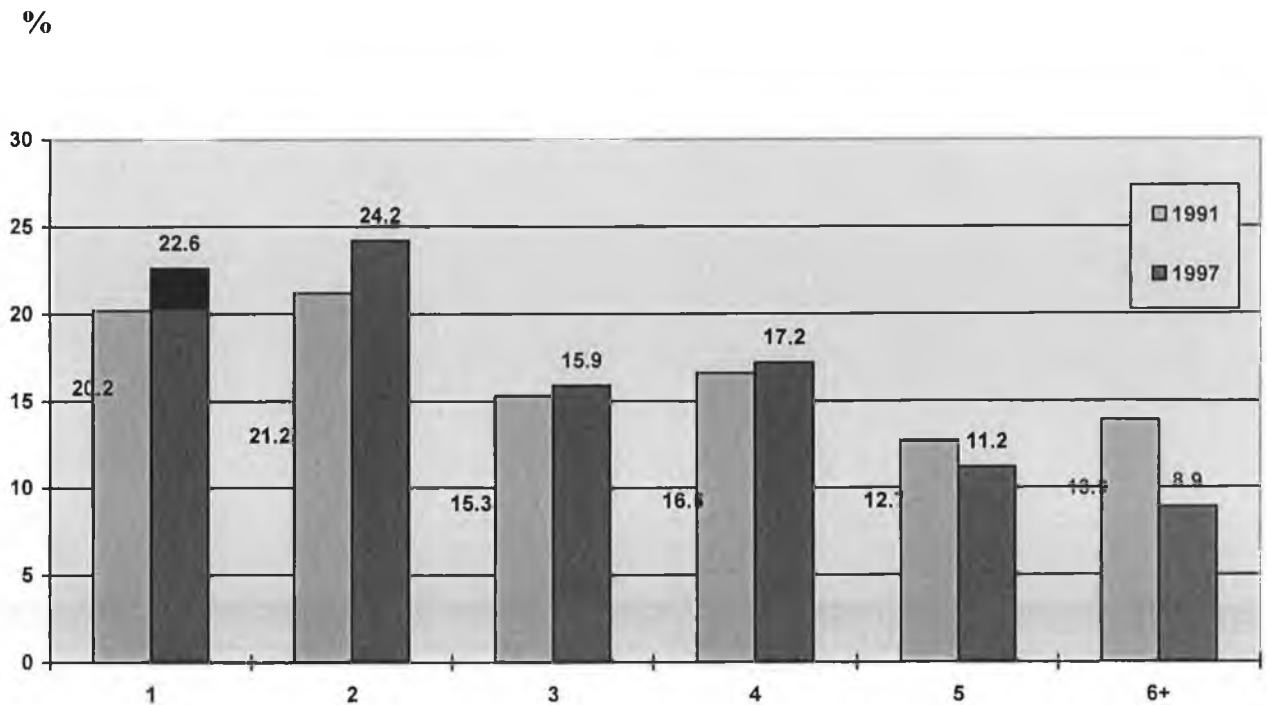
In fact, according to the latest census figures (see Figure 2.7), in terms of number of occupants in each household, nearly half of all households in the Republic of Ireland are home either to just one person living alone or to two people living together. This figure has seen a marked increase between 1991 and 1997, rising from 41.4% of the population in 1991 to 46.8% in 1997.

Similarly, the number of households comprising five or more people used, in 1991, to account for over a quarter of all households, but now that number has dropped to just 20%. This shows Ireland to be in line with the European trend of a move towards a higher absolute number of households but with each comprising a smaller number of occupants.

**Figure 2.7**

### **Number of People living within each Household**

**1991 compared to 1997**

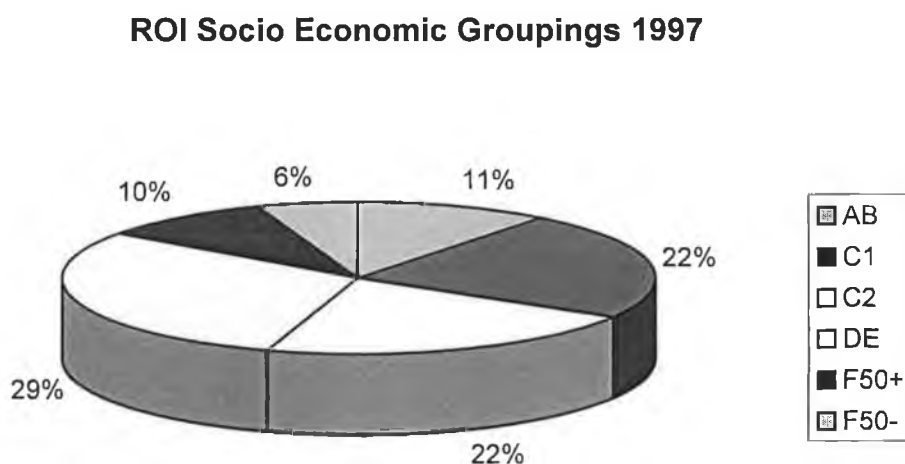


**Source: AC Nielsen 1998**

This is all good news for retailers and manufacturers but it can be reasonably argued to be bad news for the environment. More family units equate, in certain categories, to more unit sales. In the main categories for this study, laundry detergents and paper products, it is easy to see why more household units in absolute terms will give rise to additional volume sales of lavatory and kitchen paper and washing powder as each domiciliary unit will need to have its own supplies.

Marketing companies cannot afford to ignore these significant shifts in demographics. One of the key indicators of future prosperity is the decline in the dependency ratio which has dropped five full points (or 12.8%) from 39% down to 34%.

**Figure 2.8**



**Source:AC Nielsen 1998**

Another factor of which retailers will need to be cognisant is the socio-economic profile of the shopping population. Again, *AC Nielsen* (1998) have published estimates from the latest census data which shows a growing middle class with C2DE's now accounting for 51% of the population.

## **2.9 Implications for Environmental Consumerism**

In summary, from the point of view of statistics covering demographic and retail trends, it would seem that there will be a steady rise in volume consumption for the markets under review.

As more and more households emerge, they will need to equip themselves with laundry and paper products and this will drive additional consumption and purchase in these

categories. In absolute volume terms, sales may remain static but it would seem likely that smaller traded units (in the categories under review) will be required to satisfy the demand from the increasing number of smaller households. This will inevitably entail more packaging and will ultimately lead to more waste.

In a paper entitled *The Challenge of Change (The changing face of the Irish consumer)* delivered to the Advertisers Association of Ireland Annual Conference in May 1999, Des Byrne, Managing Director of Behaviour & Attitudes Limited (Ireland's third largest consumer research company), made some particularly incisive observations in this area. He notes that during the period between 1985 and 1999 although the overall population has grown by only 2%, the total number of households in the Republic of Ireland grew by 15%, as people chose to live in smaller units.

This trend has important consequences for manufacturers and retailers of personal care and laundry products. As Byrne (1999) points out;

Better than four in ten Irish people now live in one or two person households. Many of these are young owners of apartments or townhouses – and if you could examine their shopping trolleys, you would find that they spend more on toiletries than on groceries (food) each week.

Byrne recognises that there were several forces at work, all combining to create a buoyant Irish consumer market. In terms of new business registrations, according to the Central Statistics Office, in 1985 the number of new businesses registered in the republic of Ireland was 7,652. In 1996, the corresponding figure had climbed to 16,112 – an increase of 110%. Moreover, the ratio of 'births to deaths' in new companies had considerably improved over the same period. In 1985 there were ten new companies formed for each one that went out of business. In 1996, that ratio reached 20:1, which meant that new commercial enterprises had twice as high a chance of success than they had in 1985.

Prospects of employment were also much higher in the late-1990s than they had been in 1985. The official unemployment rate, according to the CSO has fallen from 17% of the

workforce to just 8% in 1998. In fact, the working population had grown from 1.1 million to 1.5 million over that period – an increase of 38%. This had a particularly dramatic effect for the dependency ratio in Ireland, in 1985, every worker was supporting 3.3 individuals, while today each income earner supports 2.5 individuals in the population.

Irish consumers have increasingly high service expectations and one of the key influences here is thought to be the recent changes in the types of jobs people do. Byrne states,

‘The biggest growth area in jobs has been in the service sector. Currently 62% of our workforce are in service industries. One of the driving dynamics in those service industry companies has been an increased emphasis on quality service initiatives, customer care programmes and so on. When people spend a lot of their work time trying to improve the service they deliver to their customers, they inevitably look outside to other organisations and are more conscious of the service provided, or not provided to them as customers.

Now the customer wants:

- Cheaper Prices
- And better quality products
- And better shop layouts
- And late night opening
- And Sunday opening
- And a value card scheme’

(Byrne, 1999)

This suggests that Irish consumers are no longer willing to put up with sub standard products or services, they are now more likely to actively complain and to attach a higher premium to quality and performance.

Byrne also reports the huge increase in the total number of cars on our roads within the last ten years. The official figure for the cumulative increase of vehicles under current licence in the last decade is 42%. This represents over 400,000 extra vehicles on the road. While this trend is not of primary importance in pursuing this thesis, purely as a matter of environmental concern it is worth including.

Indeed, all the major trends reviewed here would seem to indicate an increase in purchase and consumption, especially of those categories under review. The key drivers for this are:

1. Increasing population
2. Increasingly prosperous economy
3. Higher disposable income
4. Smaller family units
5. More households, comprised of fewer people (More washing)
6. Less time (hard to find time for recycling or other environmentally sensitive behaviour)
7. Higher expectations for performance from the products bought. Less willingness to sacrifice performance for ethical or environmental considerations.
8. Higher ownership of washing machines and tumble dryers

This last point is evidenced in 'An analysis of the Irish Retail Sector, 1980 – 1991' where following an analysis of the National Income and Expenditure Accounts for the period 1980 to 1989, real growth was found to be 49% in expenditure on durable household items (e.g. washing machines etc). But the strongest growth of all was found in the category called non-durable household goods such as detergents, personal toiletries and cleaners where expenditure was up in real terms by 77%.

To put this in context, the report shows total expenditure, over the period, to have grown in real terms by 14%. That is to say, when spending is adjusted for inflation, consumers are spending 14% more in purchasing power terms than they did in 1980. The variation between categories was wide with spending on alcoholic beverages at zero growth and spending on tobacco, cigarettes and cigars down by just over 20%.

While it is reassuring to see such a significant drop on spending on tobacco and smoking, it is worrying that the expenditure on household non-durables, with their potential to cause so much environmental damage, has grown at over five times the rate of the rest of the market - (77:14).

The household penetration of selected consumer durables is measured by the JNRR (Joint National Readership Research) in Ireland. The latest data (1996-'97) shows an increase of over 33% in the household penetration of tumble dryers as well as a rise in the penetration of washing machines, which are now owned by 90% of households in Ireland.

**Table 2.4**

**Penetration of selected consumer durables**

Household Penetration %	'95/96	'96/97
Microwave Oven	60	63
Refrigerator	97	97
Telephone	82	83
Tumble Drier	31	42
Washing Machine	86	90

*Source: JNRR 1997, Javelin/Young & Rubicon*

## **Chapter 3**

### **Legislative and Promotional Initiatives: EU and Ireland**

The purpose of Chapter 5 is to acquaint the reader with the origins, principles and intent of EU environmental policy with specific focus on how it is likely to impact on producers, distributors and retailers of FMCGs in Ireland.

As well as the principles and origins, this chapter covers the agencies charged with measuring progress, the policy initiatives themselves (e.g. Agenda 21) and major international reviews (e.g. The Dobris Assessment). It also outlines the five European Environmental Action Programmes.

Ecolabelling, one of the significant policy instruments of the EU in this area, is reviewed in detail. Included in the review are:

- Product categories classified under the scheme.
- The six steps to an Ecolabel.
- The EU Ecolabel (The Flower).
- Other (Non EU) ecolabelling schemes.
- Awarding the ecolabel.

Apart from ecolabelling, which the EU believe can be a source of competitive advantage for brands which carry it, there is also important legislation on packaging and packaging waste which will have a considerable impact in terms of increased responsibility for the producers, distributors and retailers of packaged goods in Ireland.

These new measures and their objectives are outlined along with the specific details of how they will affect the Irish market for the products under review. Irish government policy and the key principles underpinning it are also discussed. Recent Irish developments like the launch of Comhar, the formation of REPAK and the introduction of the Green Dot scheme are also covered.



### **3.1 Europe and the Environment**

Environmental protection has always been at the heart of EU policy objectives. In 1972 the European Community's conference of Heads of State or Government first asked for the development of a common environmental policy. European Union environmental legislation has developed enormously since then and today comprises over 300 legal acts and a large number of other policy documents. Environment policy was built into the treaty structure of the Community through the Single European Act of 1987 and its scope was extended by the Treaty on European Union of 1992.

In the European Union, the Member States are obliged to take tough environmental measures. The Treaty states that EU policy must contribute to:

- preserving, protecting and improving the quality of the environment,
- protecting human health,
- ensuring a prudent and rational utilisation of natural resources,
- promoting measures at international level to deal with regional or world-wide environmental problems.

The EU believe that pressures on the environment will continue to grow as economic growth translates into increased consumption of energy and materials along with increased wastes and pollution.

These trends, according to the EU, are still causing often irreversible losses of land, habitats, biodiversity, landscapes and natural resources, as well as bringing local, regional and global changes into environmental conditions which are irreversible in our lifetime. It is the objective of this chapter to review the significant environmental initiatives undertaken by the EU as well as discussing the specific legislation the Commission has enacted in this area.

### **3.2. European Environment Agency**

Established as recently as 1990 (only coming into operation in 1993) and located in Copenhagen, the European Environment Agency (EEA) is charged with providing member states with:

‘Objective, reliable and comparable information enabling them to take the requisite measures to protect the environment, to assess the results of such measures and to ensure that the public is properly informed about the state of the environment.’

The European Union has enacted many significant pieces of legislation with the objective of protecting the environment in member states. Sheerin<sup>ii</sup> (1997.p19) has summarised the significant European environmental developments since the formation of the European Union in 1957 (see Table 3.1 below).

#### **3.2.1 Agenda 21**

It is clear that progress with economic development and social welfare is dependent on the environment and that the state of the environment is influenced by the health of society and the economy (Midmore et al., 1995); there is, therefore, a need for an integrated approach. There are many different definitions of sustainable development, which infer treatment of the three issues in terms of meeting needs, for example, "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (World Commission on Environment and Development (WCED), 1987, p21)

Agenda 21, adopted by all nations represented at the Earth Summit, aims to specify the actions needed to achieve sustainable development and it is clear that the successful

delivery of the actions requires commitment from local government. Agenda 21 comprises four sections which are:

- social and economic dimensions;
- conservation and
- management of resources for development;
- strengthening the role of major social groups;

Thus, there is a socioeconomic dimension to Agenda 21 as well as an environmental dimension.

### **3.2.2 The Dobris Assessment**

The Dobris report, named after the venue in which the conference was held, Dobris Castle in former Czechoslovakia, provides an assessment of the then (1995) state of the environment in a total of 46 countries. Written by the EEA, the report captures a snapshot in time of the condition of the environment under certain headings within the 46 participating countries in Europe.

The Review found that Europe, although the second smallest continent comprising little more than 7% of the Earth's land area, often plays a disproportionately large role in contributing to environmental change.

While the review can claim some improvement has been made in the quality of Europe's environment, it also shows some deterioration. One of the areas in which progress has been achieved is a reduction in sulphur dioxide emissions, one of the contributors to *acid rain*.

However, deterioration in certain measures is evident in Central and Eastern Europe where production methods, systems and efficiency lag some way behind Western Europe.

The **Dobris Report** isolates the 12 most significant challenges facing European environmental legislators:

- 1 Climate Change
- 2 Stratospheric ozone depletion
- 3 Loss of biodiversity
- 4 Major accidents
- 5 Acidification
- 6 Tropospheric ozone and other photochemical oxidants
- 7 The management of freshwater resources
- 8 Forest degradation
- 9 Coastal zone threats and management
- 10 Waste production and management
- 11 Urban stress
- 12 Chemical risk

The review illustrates the wide range of problems facing Europe's environment and reports on the types of policy options and responses currently being contemplated. A shortcoming of the report is that it makes no attempt to set priorities or estimate costs or benefits of actions.

### 3.3 Significant European Environmental Developments

**Table 3.1 Key Dates in European Environmental Policy**

1957	Foundation of European Community with the Treaty of Rome commitment to improve living and working conditions.
1972	UN Conference on Environment, followed by EU response which led to the development of an environmental policy,
1985	EC adopted a directive requiring Member States to carry out an environmental impact assessment on major projects.
1987	Single European Act committed Member States to protective measures in response to deteriorating environmental conditions.
1990	Formation of European Environmental Agency as a scientific and technical centre to combat pollution.
1991	Directive for Civil Liability for Damage caused by waste. This would enforce: <ul style="list-style-type: none"> <li>• Strict liability in environmental regulation</li> <li>• 'Polluter Pays' principle .....</li> </ul>
1992	EC Fifth Environmental Action Programme (5EAP)
1993	Maastricht Treaty – to promote harmonious and balanced development of economic activities.
1993	EC adopted community Eco-management and audit scheme (EMAS)
1994	Implementation of Integrated Pollution Control (IPC) licensing.
1994	Oslo Symposium on Sustainable Consumption.
1994	European Conference on Sustainable Cities and Towns.
1995	Oslo Ministerial Roundtable Conference on Sustainable Production and Consumption.
1995	EMAS open for participation for companies
1995	Review of Fifth Environmental Action Programme.
1995	The EEA publishes a pan European state of the environment report: 'The Dobbris Assessment'
1996	Second European Conference on Sustainable Cities and Towns.

Source: Sheerin 1997 p19

### 3.3. European Environmental Action Programmes

Table 5.1 alludes in 1995 to a **Review of the Fifth Environmental Action Programme**. Since the start of EU environmental policy, in 1972, five specific environmental programmes have defined the EU's objectives in this area.

**The First Action Programme** (1973) defined the primary principles of Community environmental policy (CEP) which were:

- To prevent, abate and eventually remove totally all pollution and nuisances;
- To manage resources and prevent their exploitation;
- To take quality requirements into account in development;
- To take environmental aspects into consideration in town and country planning;
- To strive for international cooperation amongst concerned organisations to reach solutions to environmental issues.

In 1977, the **Second Action Programme** followed to reaffirm the objectives of the original and to expand its actions into the area of water, air and noise pollution. Natural resources were given special attention and the EU's recognition of prevention and minimisation as the preferred ways to reduce waste was published.

A further series of priority areas was defined in the **Third Action Programme** in 1983. These included the introduction of environmental impact assessments which are now a common feature of modern development schemes in Ireland.

The **Fourth Action Programme**, in 1987, gave emphasis to the emerging area of biotechnology as well as setting policy for natural resources, soil protection, urban, coastal and mountain protection.

On March 23<sup>rd</sup>, 1998, the Environmental Council met in Brussels under the United Kingdom presidency. On the agenda for this meeting was the agreement for the proposed directive on the landfill of waste. The council also reached political agreement for a proposal for a directive on the limitation of the emission of volatile organic compounds (VOCs) due to the use of organic solvents in certain activities and installations. However, the chief item for discussion was waste management and the Council took note of progress reports from the various member states on the **Fifth Environmental Action Programme**.

The EU believe that no country can reach sustainability on its own, but it hopes to be able to introduce models of sustainable behaviour that will be useful for inter-state cooperation. The EU's **Fifth Environmental Action Programme** is entitled 'Towards Sustainability' and it is underpinned by six major action plans:

- Integration of environmental considerations into other policy areas.
- Partnership between EU member states, the business world and the public, and shared responsibility.
- Broadening the range of environmental policy instruments (see section 3.3.2 on 'green taxes' and section 3.3.3 on ecolabelling).
- Changing patterns of production and consumption.
- Implementation and enforcement of legislation.
- International cooperation within the framework of **Agenda 21** (the global agenda for sustainable development endorsed by the United Nations at the Conference on Environment and Development in Rio de Janeiro, 1992).

When the Community's **Fifth Environmental Action Programme** was adopted, the Council promised a mid-term review in 1995 to assess whether the process started in 1992 had taken root. The report concludes that the overall strategy and objectives of the Fifth Action Programme remain valid and that most of the elements required to make the process work, were already identified in it. In terms of how member states had fared in

achieving the objectives of the programme, quantitatively, around 70% of the European level commitments were completed at the end of 1995.

The report notes the need for a greater sense of shared responsibility, for a greater public environmental awareness and for more progress in changing the attitudes of individual citizens. It calls for more information on the state of the environment and greater comparability of the data at European level, as well as for further work on indicators.

Most importantly, the report stresses the need to use a broader range of instruments in moving towards sustainable development. It suggests that environmental regulations need to be simplified and better enforced. In terms of accessing a wider range of instruments to advance EU environmental policy, two of the major instruments referred to were; eco-labelling and 'green-taxes'.

### **3.3.2 'Green taxes' or Carbon/Energy Taxes**

Both **Agenda 21** and the **Fifth Environmental Action Programme** recognise that economic instruments (for example environmental charges and taxes, as well as tradable pollution permits) can be a more efficient policy means to achieve environmental improvements than traditional regulatory instruments.

However, the objective of moving towards sustainable energy sources becomes more challenging in a market where traditional, non-renewable energy sources are persistently priced at a low level. The Commission originally proposed an Energy Tax in 1992, they envisaged that the tax would start at US\$3 per barrel of oil or equivalent energy products, rising to a level of US\$10 after seven years. For more than three years, the Community's Council of Economic and Finance Ministers discussed the proposal without a final proposal being reached.



Although there has been little progress at a European level, at the national level there has been a continuing increase in the use of environmental taxes over the last decade. Studies of 16 environmental taxes in operation in member states were reviewed in a study by the EEA (European Environmental Agency) published in October 1996. These taxes have been environmentally effective, having achieved their environmental objectives and having done so at a reasonable cost.

Examples of particularly successful 'green taxes' include those on sulphur dioxide and nitrogen oxide in Sweden, on toxic waste in Baden-Wurttemberg in Germany, on water pollution in the Netherlands, and on the tax differentials on leaded fuel and cleaner diesel fuel in Sweden.

The report concludes that environmental taxes can deliver a multiple dividend in terms of potential improvements to public policy, specifically in three key areas:

- Innovation and competitiveness
- Employment and
- The tax system

With this in mind, the Commission is evaluating expanding the use of 'green taxes' in three main ways:

1. Their extension to more European countries.
2. Increasing their harmonisation and compatibility at the EU level.
3. Developing new areas for 'green taxes', e.g. on aviation, shipping and road transport, tourism, land use, water resources, minerals and hazardous chemicals.

The area of environmental taxes is one on which the Commission has had difficulty in making significant progress. It is not easy to reach agreement on the most appropriate measures. According to the EEA report, there are several important political barriers to the introduction of environmental taxes, and especially energy taxes:

- Perceived impacts on competitiveness and low income groups.

- Perceived conflict between national taxes and EU or world trade rules.
- Perception that taxes have to be high if they are to work.
- The EU unanimity rule when voting on fiscal measures.
- Existing subsidies and regulations and
- Other policies and cultures

Where barriers to progress include potential negative impacts on competitiveness and employment, combined with increased costs for low income groups, it is easy to understand why the EU has failed to make significant progress on this issue.

### **3.3.3 EU Ecolabelling**

Like all other "serious" ecolabels, the EU-ecolabelling scheme features Life Cycle Assessment (LCA) as a very important element in the setting of environmental criteria. LCA is a process of examination, which takes a complex web of environmental impacts into account and provides guidance of environmental consequences of certain actions. Life cycle assessments of products require scientific studies of the environmental impacts of the product for each part of its life cycle. They address energy consumption, water pollution, air pollution, waste production, sustainable forestry management and in some cases noise or soil pollution. Additionally, they include 'fitness for use' criteria.

Because the process is so demanding, the EU have only managed to accredit 12 product categories. However, they believe that a market success for an eco-labeled product will be quickly reflected in the wish for ecolabelling of more product groups which will accelerate the programme.

#### **3.3.3.(a) Product Categories classified in the scheme**

The EU ecolabelling scheme has so far resulted in criteria for 12 product groups:

**EU-ecolabelling criteria have been developed for**

**Table 3.2: EU Ecolabelling Product Categories**

1. Washing machine	3. Soil improvers
2. Dishwashers	4. Toilet paper
5. Kitchen towels	7. Laundry detergents
6. Double-ended light bulbs	8. Single ended light bulbs
9. T-shirts and bed linen	11. Paints and varnishes
10. Copying paper	12. Refrigerators

***Source: EU Information Office, June 1999.***

It is worthy of note that the two product categories chosen for this study (laundry detergents and household paper products) were among the original groups selected by the EU for ecolabelling. Their early inclusion in this scheme adds additional weight to their selection for this study.

According to the EEA, the cradle to grave evaluation which forms the core of LCA, can be a useful tool for industry in many ways. They assert that the design and production of new products and materials should be based on a life-cycle assessment concept. LCA is also a necessary basis for eco-labelling requested by consumers, non-governmental organisations (NGOs) and international and national authorities. Business and industry sectors are aware, they say, of the requests from customers, and recognise the possibilities for LCA in saving natural resources and energy and in minimising pollution and waste. LCA is not only a tool to improve the environment, but also, and equally importantly, an instrument for industry implying cost-savings and competitive advantages.

The EU ecolabelling scheme was initiated in 1992 by Council Regulation EEC No 880/92. The procedural guidelines for the establishment of product groups and ecological

criteria are set out in the Commission information on ecolabelling (No 6, 1994). The six phases in criteria development are summarised below.

### **3.3.3 (b) Six Steps to an Eco-label**

**Phase One:** (preliminary study) has the objective of allowing the Commission, the Competent Bodies and the Consultation Forum to consider the feasibility of establishing the product group and ecological criteria, including an indication of what is available, the nature of the market, including industrial and economic interests and structures, the perceived environmental issues, what needs to be done, the advantages of the product group being labelled and some of the problem areas. In Ireland, the appropriate competent body is the National Standards Authority of Ireland (NSAI).

**Phase Two:** (market study) has the purpose of assembling information on the nature of the market in more detail, including the distribution of different types and sub-types of product, the market shares held by manufacturers and by main brands on an European Union and Member State basis, and imports to the Community.

**Phases Three and Four:** (inventory; impact assessment) have the aim of carrying out an inventory and then an assessment of the impacts on the environment, using internationally recognized methods, in an objective, qualified and representative manner, on a "cradle-to-grave" basis.

**Phase Five:** (setting of criteria). The main elements of this phase are to determine the:

- most important environmental impacts, based on results of phases three and four, and identify the accessible areas of economic and technical development which are the most relevant to the environmental impacts;
- applicable criteria and define the level required for each criterion with reference to the Policy Principles document;
- necessary test methods and certification procedures and consider

solutions for qualitative and other related issues.

Consideration should also be given to how the visibility and effectiveness of the criteria can be evaluated.

**Phase Six:** (presentation of a draft proposal for a Commission decision). The Lead Competent Body will present the final report to the Commission which will then put into operation the formal procedures required by the Regulation:

- Internal Commission procedures
- Presentation of the draft decision on the establishment of a product group and ecological criteria to the Consultation Forum and Regulatory Committee
- Formal procedure for a Commission decision.

Given the comprehensive nature of the process, perhaps it is not surprising that the EU have only achieved certification of 12 product categories between 1992 and 1999. However, for the eco-label to enjoy the confidence of European consumers and retailers, it is important that the process is both rigorous and transparent. Its slow progress is, however, a limitation of the scheme because the more advanced national ecolabelling programmes which the EU-ecolabel is ultimately hoping to replace have progressed much further in certification of a far higher number of product classes and brands. It seems that the EU-ecolabelling scheme will need to catch up quite quickly with the national schemes.

### **3.3.3.(c) The EU Ecolabel ('The Flower')**

The Community's ecolabel award scheme is voluntary. The decision of whether or not to apply for the label is for the manufacturer to take. But, according to the EU, it is clear that the EU-ecolabel will gradually become a clear and positive point of reference for the

general public when buying goods. The strength of the label is its European dimension. Once approved by one Community Member State, it can be used throughout the other 14 states. This avoids having to make an application in every country where a national label exists and thus eliminates time consuming and costly procedures, especially given the high number of local emblems that abound already in Europe (see Section 3.3.4).

The EU Regulation (Commission Regulation No 882/92) seeks to:

- Promote the design, production, marketing and use of products which have a reduced environmental impact during their entire life cycle.
- Provide consumers with better information on the environmental impacts of products, without however, compromising product or workers safety and significantly affecting the properties which make the product fit for use.

The EU ecolabelling aim is that an environmental label ("ecolabel") can be seen as a "seal of approval" for environmentally benign products and can therefore be attractive for marketing purposes. Ecolabels at the same time convey useful information to the consumer, and as with the earlier examples of recyclability and reuseability of packaging, they allow individuals to include environmental concerns in their own buying decisions along with considerations on e.g. economy and quality.

The general objective of national and supra-national ecolabelling schemes is to make products with less environmental impacts visible to the consumer. The success of an ecolabelling scheme is thus to some extent dependent on the number of product groups with an ecolabel. A copy of the EU ecolabel is attached as Appendix D.

#### **3.3.4. Process for Awarding the EU Ecolabel**

Awarding the ecolabel is the responsibility of the national competent body which is appointed by each member-state. Manufacturers or importers must address themselves to

the competent body in the country where the product is manufactured, introduced on the market for the first time, or imported from a third country.

As soon as the competent body decides that the ecolabel can be granted, it informs the Commission. The other competent bodies are also informed. If after 30 days, no objection is raised, the label can be awarded and used in all member states.

The use of the ecolabel is governed by a contract between the competent body and the company applying. The duration of the contract is linked to the validity of the ecological criteria and will not generally exceed three years.

### **3.3.5 Other (Non EU) ecolabelling schemes**

A number of official and private ecolabelling schemes are in evidence all over the world today (see box). The nature of and criteria for private labelling schemes is often obscure and can often be misleading for the public. However, official schemes like the Nordic "Swan", the EU "Flower" and the German "Blue angel" explicitly demand that the award of the label is based on very rigorous criteria.

**Table 3.3 Examples of ecolabels in individual countries**

	Blue Angel
Spain	AENOR
France	AFNOR
The Netherlands	Stichting Milieukeur
USA	Green Seal
Taiwan	Green Mark Program
Japan	Ecomark
Canada	EnvironmentalChoice Program
Israel	Green Label Program
Sweden, Norway, Finland, Denmark and Iceland.	The Swan

**Source:** *EU Information Office, June 1999*

The German ecolabelling scheme "The Blue Angel" released the first set of criteria in 1978 and in 1997, criteria had been developed for about 88 product groups. The Nordic ecolabel scheme ("The Swan") has so far developed criteria for about 43 product groups, the Canadian scheme covers 47 product groups, the Japanese 68 product groups and the Taiwanese 26 product groups.

### **3.3.6 EU Packaging Directive as it relates to labelling**

The European Directive on Packaging and Packaging Waste (Directive 94/62/EC of 20<sup>th</sup> December, 1994) has two main objectives. Firstly it aims to underpin the factors which will ensure the smooth running of the internal market and, secondly, and more importantly for this study, it is intended to lessen the environmental impact of packaging waste.



The latter objective is the more important of the two from the point of view of this study, however, the integrity of the former was recently tested by a case in Denmark. The balance struck between the free circulation of goods and considerations concerning environmental protection is an important one.

In October of 1998, the Commission ruled against a decision made in Denmark to ban cans as beverage containers and non-refillable but still recoverable plastic and glass packaging in Denmark. What came to be referred to as the 'Danish Can Ban' was found to be contrary to the provisions of the directive. That decision reflected the Commission's concern that in implementing the Directive, Denmark had not struck the appropriate balance between the different considerations which should govern rules on packaging.

As for labelling for products whose packaging is environmentally friendly, the Directive requires the introduction of an identification system, marking the packaging to indicate the reuseable, recyclable or recoverable nature of the packaging. It is important to distinguish here between eco-labelling (discussed in the earlier section) and the award of a mark to indicate that the product's packaging conforms to predetermined standards in terms of reuse and recyclability.

The use of such an identification system can be seen as a seal of approval for environmentally benign products and is likely therefore to be attractive for marketing purposes. These symbols also convey information to the consumer in a simple but objective way, enabling people to include concerns about the environment along with other purchase criteria, e.g. quality and price.

The general objective of national and supra-national ecolabelling schemes is to make products with less environmental impacts easily visible to the consumer at the point of purchase or in promotional material.

Within the Directive, there are a number of characteristics specified for the proposed markings:

- The marking should be a kind of quality marking indicating that the packaging, at least, is more environmentally friendly than others in its class.
- By marking **reuseable** and **recyclable** packaging, the proposal gives them a priority which is in line with Directive (94/62/EU) that until scientific and technical progress is made with regard to recovery processes, reuse and recycling should be considered preferable in terms of environmental impact.’
- There needs to be conformity of assessment procedures in granting companies the right to use the symbols.
- For the consumer, it would be ideal if the marking could indicate whether the packaging was subject to an established system of return and management, so that the consumers could contribute to the recycling process by choosing only those packs which are thus marked. However, as no EU-wide return and management system exists, it would be impossible to ensure that the packaging was only sold in the places where the system was available.
- The marking is proposed to be voluntary and may be omitted, where the costs, compared with the benefits, seem to be excessive.
- Member states must ensure, that any markings, other than those set out in the directive, which intend to indicate the reuseable and recyclable nature of packaging, shall be prohibited. This is intended to ensure the widest possible conformity to the chosen symbols thus facilitating their easy recognition by the public.
- Finally, the Commission recommends an information campaign to ensure that consumers have enough information about the new scheme to allow them to make an informed decision.

### **3.4. Policing EU Environmental Policy**

The **Amsterdam Treaty** came into force in May 1998. Article 6 of the EC Treaty now lays down the obligation to integrate the environment into the Community policies. In Brussels on December 16<sup>th</sup>, 1998, the EU adopted a policy recommending environmental inspections for member states. This policy is intended to 'ensure an even practical application and enforcement of environmental legislation.' The policy is aimed at air pollution, water and land pollution from point sources that are regulated under Community law.

### **3.5 European Directive on Packaging Waste**

The European Parliament and Council Directive on packaging and packaging waste (94/62/EC) is likely to be the piece of legislation to have the greatest impact on retailers and suppliers of the two consumer goods categories under review. It recognises that the best means of preventing the creation of packaging waste is to reduce the overall volume of packaging produced. This Directive covers all types of packaging, overriding earlier Directives (85/339/EEC) which had legislated for specific beverage containers.

Member states are required to meet the following targets:

- Within five years no less than 50% (65% as a maximum) by weight of packaging waste will be recovered.(Article 6:1)
  - Between 25% and 45% of the totality of packaging materials contained in packaging waste will be recycled
  - Within 10 years a certain percentage (as yet unspecified) of packaging waste will be recovered and recycled.
  - Systems will need to be in place to provide for 'the return and/or collection of used packaging and/or packaging waste from the final consumer or from the waste stream in order to channel it to the most appropriate waste management alternatives.'
- (Article 7:1)

- The marking of packaging to facilitate collection, reuse and recovery will need to be in force throughout the community. Packaging will bear the marking which shall be clearly visible and easily legible. (Article 8:2,3)
- Consumers will have to have adequate information about: (Article 13)
  - The return, collection and recovery systems open to them.
  - The meaning of the markings on packaging.
  - Their role in contributing to reuse, recovery and recycling of packaging.

Two principles underpin this legislation. Firstly, that all those involved in production, use import and distribution of packaging and packaged products become aware of the extent to which packaging becomes waste and that, in accordance with the polluter-pays principle, they accept full responsibility for such waste. Secondly, consumers need to be made aware of the key role they play in buying items with packaging, in the first place, and in the way they dispose of that packaging.

The Directive aims to harmonise national measures in all member states to provide them with a high level of environmental protection. It has as a first priority the prevention of the production of packaging waste. Additionally, where prevention is not feasible, the reuse, recycling and other forms of recovery are encouraged in order to reduce the amount of waste which is finally disposed of. The reduction of waste is fundamental to the idea of sustainable growth called for by the Commission.

Standardisation is also a priority of the Directive which undertakes to promote the preparation of European standards relating to:

- Criteria and methodologies for Life Cycle Analysis of packaging.
- Methods for measuring the presence of heavy metals within packaging.
- Criteria for minimum contents of recycled material in packaging.
- Criteria for recycling methods.
- Criteria for the marking of packaging.

This legislation will have a profound effect on manufacturers, distributors, importers and retailers of packaged consumer goods. Interestingly, three member states, Ireland, Greece and Portugal were given an extension of five years before they had to enforce these measures. The special conditions that prevail in these markets e.g. respectively, the presence of rural and mountain areas, the large number of small islands and the current low level of packaging consumption – were deemed to warrant the additional time allowed for compliance.

### **3.6 Irish legislation on packaging waste (S.I. No. 328 of 1998)**

The generation of waste in Ireland, in common with our fellow European states, continues to increase as higher levels of affluence and changes in the population structure lead to higher levels of consumption of packaged goods. Irish legislation has quickly followed to give statutory effect to the EU guidelines and policies outlined in the Directive 94/62/EC. In its policy statement (September, 1998), the Department of the Environment and Local Government concludes that up to the mid-1990s, waste management was completely dominated by the cheapest available option: landfill.

The policy statement, entitled 'Waste Management – Changing our ways' sets out the overall policy of the government which is now firmly grounded in an international hierarchy of options:



**Table 3.5 Hierarchy of Options for Waste Management**

Key considerations in meeting the government policy objectives, according to a report in The Sunday Independent (July 25<sup>th</sup>, 1999. P9), include the 'need to initiate radical and ambitious change in waste management practice; the implementation of the polluter pays principle, where all producers of waste pay for its treatment and disposal; and the planning of waste infrastructure on a scale that facilitates viable, cost effective alternatives to landfill.'

Waste disposal is the least favoured option, at the bottom of the pyramid. Although landfill is currently the ultimate home to over 90% of the nation's packaged waste, according to the Department of the Environment, reducing the reliance on landfill is the most fundamental issue to be addressed in waste management policy in Ireland. Additionally, developments at EU level will require movements in reducing reliance on landfill.

Sheerin (1997) believes that environmental attractiveness is one of the best selling points Ireland has for the tourist, food processing, aquaculture and natural resource based industries. He charts recent developments designed to improve the environment:

**Table 3.4 Recent Irish Developments**

1997 & 1990	Local Government Water Pollution Acts
1987	Air Pollution Act
1990	Government's Environmental Information Service (ENFO) is established
1992	Establishment of Local Agenda 21 (LA21)
1993	Environmental Protection Agency (EPA) launched
1993	Regulations about the freedom of information about the environment
1994	Publication of Irish Environmental Management Systems I.S.310 by National Standards Authority in Ireland (NSAI)
1994	Publication of National Recycling Strategy.
1994	Establishment of Irish Energy Centre.
1995	Eco-Management and audit scheme (EMAS) open for voluntary participation.
1995	Waste Bill published and expected to be passed into law in 1996.
1995	Formation of Repak scheme to coordinate and finance the recycling of packaging waste by Irish Business and Employers Confederation (IBEC)
1996	EPA Report on state of the environment in Ireland
1996	EPA establishes national waste database
1996	Waste Management Act (1995 Waste Bill) came into operation
1997	Waste management (planning and licensing) regulations
1997	Waste management (packaging) regulations
1997	Waste management (farm plastic) regulations

Source: Sheerin 1997

The Government acknowledges that its over reliance on landfill has had negative consequences for the development of an integrated approach to waste management. Until recently (June 1999), according to the policy statement, there were some 120 operational

municipal landfill sites in the country. Landfilling standards left much to be desired and local opposition to current landfill proposals is understandable. Landfill sites give rise to odours, dust, litter, noise, rodents, insects and general unsightliness. They are also potential polluters of soil and water and they pollute the air too by generating methane – a significant greenhouse gas.

So there is sound rationale, from a national perspective, in reducing our reliance on landfill. In any event, developments at EU level will also require progress in this area. Pending controls will impose strict environmental limits in relation to the operation and aftercare of landfills and will require each member state to draw up a national plan for the reduction of the proportion of biodegradable municipal waste going into landfill. A series of mandatory targets will be imposed, culminating in a 65% reduction in 15 years.

An important element of the integrated approach now being adopted by the government, both in response to Ireland's specific issues in this area and in conjunction with EU Directives on Packaging Waste, is the introduction of the Waste Management and Packaging regulations 1997.

### **3.6.1 Provisions of the new Waste Management Regulations (1997)**

The new regulations are designed to promote the recovery of packaging waste. They rely on a shared partnership approach between industry, consumers and local government. The regulations impose obligations on suppliers of packaged goods, packaged material or packaging e.g. pubs, supermarkets, wholesalers, manufacturers and other suppliers – all referred to as 'producers' for the purposes of the act.

All are obliged to take steps to recover the waste arising, either on their own premises, or through the disposal of packaging they have put onto the market. They are obliged to have such waste:



- Taken back by a supplier
- Recovered or
- Made available for recovery i.e. segregated, offered free of charge to recoverers and held for at least four weeks pending collection by a recoverer.
- It is now an offence for a 'producer' to dispose of such packaging waste without first making it available for recovery.

### **3.6.2 Additional Responsibilities of Major Suppliers**

In the case of major 'producers', there are obligations to provide waste reception facilities at all premises. They must also accept packaging waste from the public, to collect packaging waste from other suppliers, to display notices regarding the acceptance of waste and to return or recycle such waste or to make it available for recovery.

'Producers' will have to prepare plans, records and reports on their packaging output (by weight for each category of material specified) and waste recovery activities and to register with local authorities and provide the information as requested.

Major producers are defined as those who annually place more than 25 tonnes of packaging (other than packaging for reuse) on the Irish market and who have an annual turnover in excess of IR£1m. These criteria are set at a low enough threshold to capture the majority of producers and distributors of FMCG goods in Ireland. Certainly, all the participants in this study fall within the remit of these new regulations.

### **3.6.3 Targets and penalties of the regulations**

A major producer who manufactures or imports packaged goods must take the necessary steps to ensure that the amount of packaging waste accepted back or collected is not less than 40% by weight of packaging supplied by that producer.

Non compliance with the regulations is an offence and, accordingly a full range of penalties can apply – these include, on conviction, a fine of up to IR£10m and/or imprisonment for a period up to 10 years.

#### **3.6.4 Significant Exemptions**

An exemption from the obligations is available to producers who participate in a waste recovery scheme operated by an approved body. Producers are effectively required, therefore, either to comply with the regulations imposed to assist the recovery of packaging waste or to assist in a waste recovery scheme operated by an approved body.

According to the regulations, an *approved body* is one which operates a recovery scheme for packaging waste and which has been approved by the Minister for the Environment and Local Government. *REPAK Ltd* is at present the sole approved body.

The regulations were described as a ‘waste management crisis’ by Retail News (June 1999). The article explains how the new laws put new responsibilities on all companies who produce and handle packaging at any stage in the distribution chain. The legislation gives effect to the 1994 EU Packaging directive and the Government, they say, is full determined to enforce it. Michael Campbell, RGDATA Director General and a Board Member of REPAK, says that his members (independent retail grocers) account for 45% of the Irish grocery market and that carries certain responsibilities. He comments;

‘Recycling is an issue which will not go away; indeed, it will become more important over the coming years. Unfortunately, recycling means additional cost each year but at least everybody will have to pay their fair share. Retailers can comply with the regulations in either of two ways. They can do so individually by putting in place elaborate systems whereby they accept and collect used packaging from all comers and take responsibility for its recycling.

The alternative way is to become a member of an approved collective scheme, which can greatly reduce the burden of compliance and can be more cost effective.

### **3.7 What is REPAK – philosophy and practice?**

#### **The German Model**

According to Retail News (June 1999), Germany's Packaging Ordinance could be a role model for the rest of Europe with regard to the recycling and reduction of packaging waste. Launched in 1991, it has the objective of reducing packaging waste and recycling packaging material and returning it to the manufacturing process. The 'Dual System' which operates in Germany is a non-profit organisation which was founded by 95 companies from the retail trade, the consumer goods industry and the packaging sector.

The Dual System operates by licensing the 'Green Dot' trademark. When the 'green dot' appears on packaging, it indicates that the suppliers of the product are making a financial contribution to an approved system of recycling and recovery. The number of firms applying the 'green dot' to their packaging in Germany has grown from the original 95 to a figure now in excess of 600.

*Repak* was set up by the Irish Business and Employers Confederation (IBEC) as an approved scheme (under the Waste Management Act 1996) to fulfil Irish industry's obligation for reduction and recycling of packaging waste at minimum cost. Repak is the first and only approved voluntary agreement between Irish industry and government.

It is a non profit making company with any operating surplus carried forward from one year to the next.

Repak will licence its members to use the green dot on their products. This will be a public symbol that the company has paid to become a member of Repak and fund its

collection and recycling activities. Adoption of the green dot will allow Repak and its members to make a visible, strong statement about their commitment to the environment.

The green dot is not an ecological symbol or an ecolabel and its use does not signify anything about the quality of the materials used in the packaging of the product bearing the symbol. All the green dot on packaging means is that for such packaging, a financial contribution has been paid to a national recovery company and that the company is complying with EU waste management regulations. The green dot is a pan-European trademark.

The green dot scheme is scheduled to be introduced on January 1<sup>st</sup>, 2000. In common with other green dot licence holders in Europe, branded goods manufacturers will pay fees to Repak. Green dot fees will apply to transport and consumer packaging but the device will be carried on consumer packaging only – as obviously its purpose is to distinguish brands that carry it from brands which do not.

Speaking at Repak's members' conference (30<sup>th</sup> June, 1999) the Minister for the Environment and Local Government, Mr. Noel Dempsey warned that there would be no escape from packaging waste recycling targets.

‘It is a sad fact of life that the generation of packaging waste is increasing as the economy powers ahead. Ireland's 25% recovery target for packaging waste in 2001 will be based on actual waste arising from that year. There are no easy solutions for industry in relation to packaging waste. We have national targets which must be met by 2001 and 2005 regardless of market or other conditions. Failure is not an option, and if mandatory targets cannot be achieved through your efforts, I will have to introduce alternative and undoubtedly more onerous regulatory measures.’

Government Press Office: June 1999

Manufacturers and suppliers of branded goods in the categories under review for this study have all signed up to Repak and they have a keen commercial interest in helping it succeed. The green dot has not yet appeared on the packaging but it will begin to appear from the start of next year. Another, indication of just how serious the Minister is in making this scheme work is a report carried in the Repak Industry Briefing Document (April 1999) where they say that the Minister intends to name companies as soon as they have been charged with a breach of the regulations. Further, the Minister has requested Repak to provide details of companies who were members in 1998 and who failed to renew their membership in 1999.

### **3.8 Greening the Emerald Isle -The Irish Government's Position**

The Government in its Policy Agreement: *A Government of Renewal* (December 1994) has committed itself to the preparation of a National *Sustainable Development* Strategy. This is expressly intended to carry concern for the environment into all areas of government activity and policy and is the Irish response to the EU's Fifth Environmental Action Programme.

The Department of the Environment sees sustainable development as a means of improving the quality of life while conserving the natural environment and resources on which development ultimately depends. It seeks to unify the diverse objectives and outcomes of economic and ecological progress, so that the former can operate within the 'carrying capacity' of the environment. Sustainable development is also seen as socially desirable, in that it seeks to maintain the diversity and integrity of environmental, cultural and natural resources for present and future generations.

According to the *Moving Towards Sustainability - A Review of Recent Environmental Policy and Developments* (Department of the Environment: May 1995), good progress has already been made in the protection of the environment. They believe the significant initiatives in the early 1990s including the establishment of the Environmental Protection

Agency and ENFO - the Environmental Information Service, are now leading to better environmental management and protection, and increased public awareness of environmental issues.

The role of the public has also been reinforced by new rights of access to environmental information. Shared responsibility of all sections of society for the environment, and action by sectors and organisations on a voluntary basis, are now appreciated as a central complement to the activities of the department itself.

### **3.8.1 Recycling central to Government Strategy**

In September 1999, a new report, *The Dublin Waste Management Plan* confirms the Government's aim to cut dependence on landfill from 90% to just 16% within ten years. Hogan (1999) quotes from the plan 'a toxic waste incinerator is needed to tackle the country's growing hazardous waste mountain.' At the launch of the report, which includes options such as charges for the collection of refuse, higher charges for industry and landfill tax, Environment Minister, Noel Dempsey said:

'People can't have it both ways. We cannot expect to generate waste and expect it to disappear. About 30% of our hazardous waste is exported and here could be serious consequences if other countries decided not to accept it anymore.'

- **Launch of *Comhar* – the National Sustainable Development Partnership**

On 26<sup>th</sup> February, 1999, Noel Dempsey, T.D., Minister for the Environment and Local Government officially launched *Comhar* – the National Sustainable Development Partnership.

The Minister invited Comhar to examine and, as necessary, make recommendations in three areas:

- How best to influence behaviour across the economy and society to support Ireland's international commitments on climate change, including limiting growth in greenhouse gas emissions;
- To inform Ireland's into this year's community-wide assessment of EU environment and sustainable development policy; and
- To identify and develop good practice models and instruments which will promote environmentally sustainable behaviour; these might include ecolabelling, green procurement, environmental management and effective communication strategies.

In his launch address, the Minister stressed the Government's commitment to the idea of sustainable development:

*Comhar*, as you may know is an Irish word for partnership, combined work, mutual assistance and co-operation. The Government is committed to increasing public participation in addressing environmental issues. We recognise that central government cannot shape environmental policy on its own, but must work in partnership and consultation with the relevant stakeholders.

And, we recognise that the quality of our environment is conditioned by the way people live and work. In collaborating over the past year on the framework for this partnership, we all concluded that the broader concept of sustainable development is what we are all about.

*Speech by Mr Noel Dempsey, T.D., Minister for the Environment and Local Government at the launch of Comhar – the National Sustainable Development Partnership. 26<sup>th</sup> February, 1999. Government Press Office.*

The Dept of the Environment sees an increasing appreciation of the interrelationships between environmental protection and long term economic success. The National Development Plan 1994 - 1999, acknowledges that Ireland's green image is critical for its success in many areas including industry and tourism. This has also been 'recognised by

industry and the social partners through, for example the Culliton Report and the Programme for Competitiveness and Work’.

This issue is clearly seen as a key policy issue for the department who stress that continuing environmental quality and performance is necessary to realise the competitive advantage implicit in Ireland’s natural resources. The environment, they say, is itself a creator of economic and employment opportunities.

In addition, they believe that the growing public and consumer awareness of environmental issues related to production methods and industrial performance is likely to impact increasingly on the marketing of products and services.



## Chapter 4

### Research Methodology

#### 4.0 Introduction

This research study seeks to establish, in the Republic of Ireland, to what extent manufacturers' (within the two markets under review) and retailers' marketing activities have been influenced, during the period 1992 -1996, by Green issues (This time period has been chosen because public opinion has now been sufficiently well-informed on the issues involved). Moreover, 1992 was the year of the Earth Summit in Rio (see Chapter 1).

Adopting green marketing (for definition of *green marketing*, see **Chapter 1.4**) as a response to the needs of consumers and other business partners requires the development of new products, new processes but most importantly, new philosophies. These new philosophies will underpin the crucial differences between 'green' marketing and conventionally understood marketing.

McDonagh and Prothero (1990, p400) describe the difference as a philosophy which tries to balance a techno-economic market perspective with a broader socio-environmental approach. They contend that, at the simplest level, the environment affects businesses because it represents the physical space within which they and their customers exist and it provides the resources they depend on.

At the core of this study is the idea that if people used their purchasing power as consumers in a concerted and considered way, they can exert a positive influence on the performance of FMCG (fast-moving consumer goods) manufacturers as it affects the

environment. This philosophy had been expounded by the Confederation of British Industry as early as 1974, the example they chose, the detergent industry, is one that was also selected for this study.

‘Every purchase of a product or service could become a vote for a marginal change in the shape of society, as well as for the product purchased. For example, P&G and Unilever share the detergent market in this country and, to all intents and purposes, despite different advertising, their products are the same. But the social impacts of these two companies differ substantially. Armed with social impact data adequately presented by firms, the public at large could truly participate in shaping society by the exercise of purchase votes.’

Raymond E Thomas- *CBI Review* - Autumn 1974

#### **4.1 Research Objectives**

The objective of this dissertation is to seek the views of manufacturers and retailers in the laundry detergent and paper products sectors and establish whether featuring ‘green marketing’ as a central or prominent promotional theme for FMCG brands has the power to confer competitive advantage on those brands.

##### **4.1.1 This will entail a review of:**

- how they (the manufacturers in the two markets under review) became aware of consumer concerns in this area,
- whether they have undertaken research with consumers to measure their feelings in this area and if so what is the strength and direction of those feelings,
- how have their marketing plans reflected consumer trends and concerns in this area,

- what, if any, marketing initiatives they have undertaken or new policies were introduced in response to this trend, and finally,
- how successful those initiatives or policies have been in competitive terms e.g. have they gained market share as a result or have they generated additional revenue or additional profit margin?
- what percentage of the market (e.g. the two key markets under review) is now accounted for by Green Products within the two markets under review and whether the green share is growing or declining.

**4.1.2** The second objective is to examine, from the retail perspective in the Republic of Ireland, what effect green consumerism has had on traditional retail (non-food) grocery shopping patterns. This will involve an investigation into:

- how retailers have established the level of interest their customers have in this issue
- whether they have initiated any new policies to exploit the 'green consumer' trend
- how successful their policies have been - and how have they measured that success
- are they affiliated to international groups and do they believe those groups to have performed differently in this area

**4.1.3** The third objective seeks to trend the wave of green consumerism into the next millennium. Combining both the Irish food retail sector and the manufacturers (for the two major markets under review) to assess:

- whether they think this is a trend which is likely to grow, remain static or diminish over time and
- what do they believe to be the key drivers in this area for the future.

## **4.2 Research Methodology:**

Conducting a survey was the most appropriate method of compiling the necessary data to definitively test the hypothesis stated (see 3.2). Survey research is -

‘The systematic gathering of information from respondents for the purpose of understanding and/or predicting some aspect of the behaviour of the population of interest.’

(Tull & Hawkins, 1993, p.164).

### **4.2.2 Why a questionnaire**

The questionnaire method was particularly effective in this case as the information required was only known to a very limited and specific number of people. Because of the very highly specialised topic area it was envisaged that potential respondents would be few and thus a high response rate would be necessary to proceed with the study.

This consideration had to be balanced with the view that, as each respondent was one of a very limited number of experts in the country, their participation certainly had, at least, the potential to yield some unique and valuable insights.

One of the advantages this researcher brings to the project is a high level of business contact with many of the proposed respondents over a number of years working in marketing in the FMCG sector. This was felt to be important in developing a meaningful rapport with interviewee's and getting the best out of each one, both in terms of the amount and accuracy of the data but, equally importantly, the richness and texture of the information. As Chisnall (1973, p205) observes:

‘The quality of the interview depends largely on the interviewer developing a relationship with the respondent which will encourage good communication. This is a two way process to which both interviewer and respondent subscribe in fulfilling their particular roles. The distinctive role of the interviewer is

concerned with securing valid information about a particular problem which has been carefully defined in the objectives of the survey.'

#### **4.2.3 Types of surveys**

The survey method recommended itself insofar as:

'It is distinguished by the fact that data are collected by asking people who are thought to have the desired information.'

Boyd, Westfall & Stasch, (1985. P.134)

Surveys are generally classified according to the medium through which the interviews are conducted. The four principal methods of data collection from respondents are:

1. Personal (face-to-face) interviews
2. Self administered interviews
3. Telephone interviews (Can also be conducted by fax)
4. Mail interviews (Post or e-mail)

The administration of the questionnaire constitutes the interview and the four interview methods cited above differ mainly in the amount of interviewer input. The highest level of input occurs in the personal interview which, according to Boyd, Westfall and Stasch, is the most versatile and flexible of the methods.

The least level of interview guidance is obviously present in the mail interviews. While it must be noted that no one method of survey data collection is best for all situations, the personal method was deemed most suitable for this project because of the technical nature of the data and the large volume of information required.

Again, according to Boyd, Westfall and Stasch (1985), most commercial research organisations operate on the assumption that long questionnaires (i.e. large quantities of data) can best be handled by personal interviews. In fact, they go on to add that respondents enjoy personal interviews more than mail questionnaires and the latter more than telephone interviews. Respondents over the telephone show more suspicion, ask more frequently how much longer the interview will take, and give much shorter answers to open questions than do respondents in personal interviews.

***Table 4.1 Survey Methods: Strengths and Weaknesses***

	<b>Criterion</b>	<b>Mail</b>	<b>Phone</b>	<b>Personal</b>	<b>Computer</b>
1	Ability to handle complex questions	Poor	Good	Excellent	Good
2	Ability to collect large amounts of data	Fair	Good	Excellent	Good
3a	Accuracy on 'sensitive' questions	Good	Good	Good	Good
3b	Control of interviewer effects	Excellent	Fair	poor	Excellent
4	Degree of sample control	Fair	Excellent	Fair	Fair
5	Time required	Poor	Excellent	Good	Good
6	Probable response rate	Fair	Fair	Fair	Fair
7	Cost	Good	Good	Fair	Fair

Source: Tull & Hawkins 1993, P.181

For the purpose of this dissertation, personal interviews were used to gather the necessary data. This technique was employed as it is believed to be the most appropriate means of obtaining the desired information to satisfy the research objectives and to test the proposed hypothesis.

#### 4.2.4 Types of Interview

Interviews are classified according to their structure and according to their level of directness.

*Directness* involves the extent to which the respondent is aware of (or is likely to be aware of ) the nature and purpose of the survey and *structure* refers to the extent to which the interviewer is restricted to following the wording and instructions in a questionnaire.

Tull & Hawkins 1993, P.165

Direct interviewing involves asking questions in a way that does not attempt to disguise the underlying purpose of the survey. Most marketing surveys fall into this category. That is, although the name of the firm sponsoring the research may not be revealed, the general area of interest is often obvious to the respondent.

According to Chisnall (1992), three forms of interview are commonly used:

1. **Limited Response:** in which the respondent is expected to answer a set of questions which are set in a predetermined, controlled order. It is predominantly comprised of closed questions which offer the respondent little scope to expand on any topic.
2. **Free Response:** as its name suggests, this method allows greater freedom for the respondent in answering questions arising from general points of discussion. Open questions outnumber closed ones and the interviewer has the task of guiding the respondent in the desired direction while keeping irrelevant asides to a minimum.

**3. Defensive Response:** This method is much more rare and used only in highly specialised areas. It involves the interviewer exerting pressure on the respondent over a range of specified topics while the latter is expected to defend their position. There are few published examples of this type of interview and it has come in for some sharp criticism.

#### **4.2.5 Seven further criteria**

Tull and Hawkins (1990, p155) also propose seven further criteria, which link in with the decision tree above, to decide which interview method is most appropriate.

1. **Complexity** - Is there difficulty collecting the data and is there in-depth probing of the subject matter?
2. **Required Amount of data** - Does the respondent have to give considerable information?
3. **Desired Accuracy** - How sensitive is the survey, and will the survey method chosen affect the responses?
4. **Sample Control** - The identification and accessibility of the sample.
5. **Time Requirements** - When are the results required and how much time has the researcher got to investigate ?
6. **Acceptance Level of Non Response** - What is the minimum required response rate?
7. **Cost** - What are the budget limitations?

Given the above criteria, this survey is considered to be:

1. Relatively complex, each respondent needs to be a specialist in his or her area and to have an in-depth knowledge of the subject area.



2. The respondent is likely to be interested in the topic, which should increase the likelihood of getting a high level of participation.
3. A high level of accuracy is involved and yet the expertise is held in small and specific groups. Some data being collected is sensitive.
4. The sample is easily identifiable and readily accessible however time constraints and pressures of business may encroach on the availability of respondents. However, most respondents are known to the researcher and thus it is felt that they are more likely to cooperate.
5. Results are required over a period of 15 - 20 weeks, a much more generous timeline than is usually afforded in commercial studies.
6. A 60% response rate was judged to be necessary to complete the survey.
7. Budget constraints were, fortunately, not an issue.

#### **4.2.6 In-Depth Interviews**

##### **Advantages**

1. Depth and detail of information is significantly better than other methods.
2. The interviewer can obtain a better quality of information.
3. The interviewer can probe with other questions and obtain supplementary information.
4. It is especially appropriate when the subject matter is confidential in nature
5. The interviews are conducted with people who have an in-depth knowledge of the subject matter.

(Sources : No's 1-3, Emory & Cooper (1991), No's 4 & 5, Tull and Hawkins (1990), p.393)

## **Disadvantages**

1. This method takes time and is expensive.
2. Personal interviews can be adversely affected by interviewer bias.
3. More time required to collect the data.
4. Not all respondents are available or accessible for in-depth interviews.

(Source : Emory and Cooper (1991, pp320-339)

## **4.3 Research Hypothesis**

### **4.3.1 Core hypothesis**

That 'Green Consumerism' has the power to confer competitive advantage in the marketing of fast moving consumer goods in two specified branded markets in Ireland.

### **4.3.2 Defining Competitive Advantage**

According to Porter (1985, p25) competitive advantage is central to a company's performance in competitive markets. 'Competitive Advantage grows fundamentally out of the value a firm is able to create for its buyers. It may take the form of prices lower than competitors' for equivalent benefits or the provision of unique benefits that more than offset the premium price.'

Another definition contends that competitive advantage is the 'positoning theme that differentiates the business from competitors.' Day (1990, p41) goes on to say that when the focus is on competitive advantage, strategies must have as their objective superior

customer value, improvement of relative costs or the preemption of competitors. The focus is necessarily external.

Ottman (1999) alleges that most new products are not new at all. According to the Marketing Intelligence Service, less than 6% of all new product introductions in 1997 (in the US) could be thought of as innovative in formula, packaging or some other attribute. Ottman believes sustainable design is one sure way to ensure long term competitive advantage in consumer markets.

#### **4.3.3 Two key markets selected:**

Two specific branded markets were selected for scrutiny: Toilet and Household Tissue products and the Laundry Detergents market.

The choice of these two specific markets was based on the criteria that:

- In home penetration for these products is higher than any other non-food category (according to supplied data from AC Nielsen).
- They are both substantial markets in volume and value terms - thus they command significant shelf space in retail stores.
- Consumers are used to buying and using these products - they have an established pattern of purchase and usage.
- They (the two markets) provide significant revenue to the retail trade - and thus their marketing and promotional activities will be closely observed and monitored in the retail sector.
- They have both, for the period under review seen a high degree of influence from environmental consumerism.
- Some of the worlds leading consumer companies compete within these sectors.

- They are two product categories most regularly cited in Irish consumer research studies.

#### 4.4 Secondary Research - Review

*Even when it is obvious that the research project will require primary data collection, it is desirable first to consult the appropriate secondary source.*

(Aaker & Day, 1990)

The use of secondary data is vital in order to expand the researcher's understanding of the research problem. Secondary sources must be examined in advance of embarking on any primary research project.

Secondary data has a number of advantages over primary research, usually related to availability, time and costs (Churchill, 1992, p170 and; Parasuraman, 1991, p119)

Churchill (1992) cites the most significant advantages of secondary data as the time and money they save the researcher. Obviously, if the information being sought is available as secondary data, the researcher need only locate, extract and record the desired information.

In fact, Churchill offers the following advice on the matter of secondary data: *'Do not bypass secondary data. Begin with secondary data and only when secondary data are exhausted or show diminishing returns, proceed to primary data.'*

While secondary data rarely provide a complete solution to the problem under scrutiny, they will usually:

- Help the researcher to better state the problem under investigation.
- Suggest improved methods or further data that should be collected
- Provide comparative data by which primary data may be more insightfully interpreted.

## **4.5 Conducting the Survey**

This survey (which included separate questionnaires for both retailers and manufacturers) was conducted using in-depth interviews which were administered face-to-face by the author. The interviews were steered using a topic guide so that their momentum and flow could be maintained and the interviewee was kept on track without getting drawn into issues not central to the survey.

### **4.5.1 Duration and dates of the interviews**

It should be noted that each respondent was sent an interview outline before the research date in order to allow them prepare for the discussion. In fact, many would have refused to participate without seeing the topic guide in advance.

Each interview was tape recorded with the permission of the respondent. The interviews took place in November/December 1997 with the final one having to be deferred until August 1998. Each lasted between ninety minutes and two hours.

### **4.5.2 Three core elements to each interview**

There were three key elements to each interview. Firstly, a structured questionnaire which was mailed to the interviewee some two weeks before the interview took place. Two separate questionnaires were developed: one for the manufacturing and supply sector and one for the retailing sector. Secondly, in order to eliminate any possibility of interviewer bias, the interviewer was equipped with a topic guide which, as stated above, was intended to keep the interview moving along at a satisfactory pace and to ensure all the areas were adequately covered. Thirdly, there was a set of twenty attitudinal statements on which the interviewee was requested to rate their on a semantic differential scale.

### **4.5.3 Confidentiality**

In order to preserve the confidentiality of named respondents, an embargo will be placed, in the library, on this thesis. Respondents were assured that the embargo procedure would protect the information they had given for a period of three years. This was the only safeguard guaranteed to the interviewees: there was no guarantee of anonymity. They are satisfied to have their remarks attributed to them within the body of the study. In fact, it was strongly felt that if the identity of the respondents was not apparent in the thesis, the research findings would lose a considerable amount of impact. This is particularly true in instances where respondents chart specific case histories through their interview.

All interviewees were promised a copy of the main findings. Following the interviews, the tapes were transcribed by the researcher, with any significant additional impressions added as notes.

### **4.5.4 Interview Sample Selection Criteria**

1. Respondents had to be senior managers who would be deciding policy in the area under consideration or else contributing to policy decisions at a very high level.
2. Respondents had to have been working in the company/industry/area during the period under consideration (1992-1996).
3. Job titles were not considered to be a central determinant as the interviews spanned several industries and sectors.

## **4.6 Survey Instrument Development**

1. Two draft questionnaires (one for the manufacturing sector and one for the retailing sector) were refined following an evaluation by Professor P. M. Chisnall (Dublin City

University). The questionnaires were designed to follow a logical sequence and to mirror the research objectives.

2. A qualitative section was included so that additional information could be captured. This took the form of asking the respondents to rank, on a semantic differential scale, their agreement or disagreement with some key phrases and concepts from the secondary literature cited above.
3. A topic guide was also developed in consultation with the research supervisor.
4. Separate questionnaires were developed for retailers and for manufacturers. It was believed that their perspectives would differ sufficiently to warrant a specific questionnaire for each one.
5. Prof Chisnall then reviewed the finalised questionnaire which was then pilot tested among some industry contacts. No changes were required.

#### **4.6.1 Limitations of Research**

##### ***4.6.1.a Secondary Research***

The main limitation with secondary research is that it was not generated initially to the specification of the researcher and that it can date quickly, especially in dynamic conditions. However, many markets exhibit a level of stability, which enables relatively dependable evaluations to be made of the direction of trends in consumption over a reasonably protracted period of time.

In the particular markets in which this research is conducted, the brand shares of the major competitors has not altered or fluctuated significantly within the last five years.

Aaker, Kumar and Day(1997) maintain that by definition: secondary data are data collected in the past for purposes other than the current research and hence, problems of fit are likely to occur.

The researchers have no knowledge or control over how the data were collected. Moreover, because the time from data collection to data publication is long, sometimes the data are out of date even before they are first published. The benefits and limitations are summarized in the table below.

***Table 4.2 Advantages & Disadvantages of Secondary Data***

<i>Benefits</i>	<i>Limitations</i>
Low cost	Collected for some other purpose
Less effort expended	No control over data collection
Less time taken	May not be very accurate
Sometimes more accurate than primary data	May not be reported in the required form
Some information can be obtained only from secondary data	May be outdated
	May not meet data requirements
	A number of assumptions have to be made

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**Source: Aaker, Kumar & Day 1997**

Secondary data in this instance are not without certain problems. During the late 1980s, the issue of the environment dominated world news. The Exxon Valdez disaster and the discovery of the huge hole in the earth's layer of ozone, combined with the rapid



denudation of the tropical rain forest, all served to put the issue of environmental protection on the agenda of world leaders.

The ensuing high level of media coverage fuelled government and academic interest and hence many of the surveys and articles covering this topic were published between 1989 and 1992. This means that while they contain some valuable insights, many of the secondary data are no longer relevant or no longer reflective of contemporary consumer attitudes.

This research does not purport to shed light on any of the more recent phenomena connected with the environment and specifically excludes the area of genetically modified foods. It was felt that for the period under review, public opinion was not adequately informed about this emerging and complex issue.

#### ***4.6.1.b Primary Research***

This research focuses on two very specific sectors of economic activity, namely:

The market for household detergents and the market for household paper products. The study analyses these markets from two different perspectives, **a)** that of the manufacturer or distributor promoting their products to the public but selling them through the traditional retail channels and **b)** that of the retailer or symbol group wholesaler from whom the end user or consumer purchases these products.

It does not directly involve itself with consumer perceptions and attitudes and hence no primary research with consumers has been undertaken as part of this study. This does not mean that consumer attitudes have been ignored, the reported studies form a valuable part in depicting the strategies of the business sectors specified.

This study seeks to collect the attitudes of disparate but expert groups on the topic of environmental consumerism and through a process of research, to distill their collective wisdom - using it to chart some possible scenarios for the future. The three key perspectives involved are those of consumers (established from secondary research),

those of the retail and wholesale sectors and, finally, those of the manufacturing sector. This will involve 11 in-depth interviews with key opinion leaders in the Irish market.

Proctor & Gamble, who were undergoing an extensive restructuring of their operation in Ireland during 1998, regrettably, declined to take part in the study. They replied to the author's letter by saying the questionnaire would lead them into areas of potential disclosure of sensitive commercial data and thus they could not participate. However, the study enjoyed the full cooperation of the leading company in the laundry detergents market, namely Lever.

By its nature, the research is exploratory and not conclusive. As Chisnall (1992, p205) observes:

‘the essence of qualitative research is that it is diagnostic. It seeks to discover what may account for different types of behaviour. It seeks a deeper understanding of factors, sometimes covert, which influence buying decisions. It is impressionistic rather than conclusive; it probes rather than counts. For its findings it cannot produce statistical evidence based on probability sampling. But for all its limitations, qualitative research is able to provide unique insights to inspire and guide the development of marketing strategy and tactics.

#### **4.7 Identity of the respondents**

- ***Manufacturing/Distribution Sector***

1. **Kevin Donnelly**, Group Product Manager, Lever (formerly General Manager with Taylor Nelson/AGB Research)
2. **Ross McMahon**, Marketing Director, Tara MSL
3. **Damien Devaney**, Marketing Manager, Jamont Tissue
4. **Tom McGowan**, Marketing Manager, Lever

5. **Paul Kavanagh**, Marketing Director, Reckitt & Colman

- *Multiple Retail*

6. **Tom Nolan**, Buying Director, Tesco Ireland

7. **Eamonn Quinn**, Marketing Director, Superquinn

- *Symbol Retail/Wholesale*

8. **Aiden Morrisson**, Marketing Director, BWG Foods (Spar and Mace)

9. **Paul Walsh**, Marketing Manager Musgraves , SuperValu & Centra

- *Research Companies/Regulatory Bodies*

10. **Eleanor Fitzsimons**, Account Director, Taylor Nelson - AGB Research

11. **Nuala Duffy**, Account Director, AC Nielsen Research

12. **Michael Campbell**, Director General, RGDATA

## **Chapter 5**

### ***Review, analysis and interpretation of results.***

There follows a review, interpretation and discussion of the results of the in-depth interviews which form the core of this thesis. Where possible the presentation of the results will adhere to the following format; first the question will be restated, below it a table showing the overall response pattern will appear and underneath the table will follow the discussion of the responses and the factors explaining them. A number of direct quotes have been included to add further insight into the areas being discussed.

This Chapter attempts to merge the results of two questionnaires. One was developed specifically to capture the responses of the manufacturing and distribution companies involved in the two markets specified. A second and essentially similar questionnaire was then developed specially for the retail sector whose interest in this area was seen as sufficiently different to warrant the use of a dedicated questionnaire. Both questionnaires were administered using a topic guide and the areas they attempted to probe are largely the same.

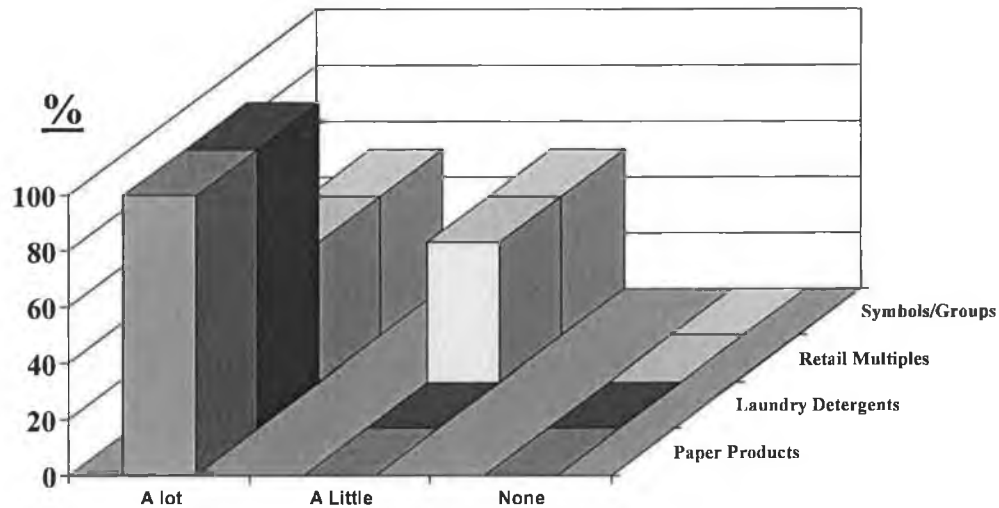
Therefore, in order to minimise the complexity associated with the presentation of data from two different sources, this chapter will follow the questions used in the retailer questionnaire. (See Appendix B.)

### **QUESTION 1**

That the rise in consumer awareness about environmental issues has had an impact on the retail sector is beyond dispute, with 50% of Multiples reporting it to have had a 'lot of impact' on their business and the other 50% agreeing it has had 'a little impact'. The same pattern emerged with symbol group grocers. No retailer concurred with the view that it has had 'no impact at all'.

*Figure 5.1*

**What level of impact has environmental consumerism had on your business?**



One major symbol group felt that the impact of environmental consumerism has been slight and that opportunistic manufacturers had already seized any potential advantage. He expressed his company's position as follows:

'The impact (of Green Consumerism) has not been significant in any way. We're not into waving flags and blowing whistles unless we can get a genuine USP in the market with it and, at this stage, with so many brands out there with their little dolphins and everything else that there's no point in us doing it as well.'

*(Symbol Group 1 (Musgraves<sup>2</sup>), 1997)*

However, he went on to say,

'Our objectives, clearly, are to present customers with what they want to buy, while also being extremely environmentally responsible'

The idea that the retail sector is merely the conduit through which people obtain their food requirements was also flagged up early on in the conversations with two other major retailers. This demonstrates a commonly held and clear belief in this sector that the role of the retailer is simply to present their customers with what they believe their customers want. They do not believe it is the retailers' responsibility to drive any particular agenda but merely to reflect demand patterns and to continue to make available to their customers exactly what those customers want. All include the caveat that they perform this function in a way that is sensitive to the needs of the environment.

This suggests that retailers view their part in the 'green revolution' as essentially passive, they will respond quickly and effectively to customer demands but they will not put the green agenda at the top of their own priority list unless forced to do so by strong consumer pressure.

This view is also borne out by independent research conducted by Taylor Nelson AGB. Taylor Nelson **AGB** run a **Grocery Probe**, which is a comprehensive survey, carried out among housekeepers, male and female, nationwide. It provides a continuous monitor of grocery shopping behaviour concerning the critical aspect of their choice of grocery outlet and, specifically, the factors upon which that choice is based.

The Probe tracks this behaviour over time and thus allows retailers monitor the success of their marketing activities. This probe will help determine how critical a role is played by Green Consumerism in the selection of shopping outlet by the housewife.

Eleanor Fitzsimons who runs the Grocery Probe explains:

‘factors which have traditionally been popular with consumers and which might make them choose one outlet over another include all the practical things like

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<sup>2</sup> Walsh P in an interview with the author on November 10<sup>th</sup>, 1997 at Musgraves Head Office in Dublin.

access, location, traffic and parking. They would also include elements like value for money and the range of goods available, things like staff and service often come up as critical determinants in store selection. However, in all the time we've been running the service which includes the entire period you're looking at (1992-1996) we have never had anyone citing green brands or anything relating to green consumerism as a factor in their choice of retailer.'

Fitzsimons<sup>3</sup> (Taylor Nelson) 1997

This suggests that the green issues are not top of mind for typical shoppers, they may work at a more subconscious level. However, one way or another, it provides evidence that no single retail group has successfully made this proposition their own. No particular group is specifically linked with the environmental movement. It also supports the stance adopted by the major multiples surveyed which is that they act only to reflect known and anticipated consumer wants and needs. Implicit in this is that the retailers do not promote particular philosophies or ecological principles of their own.

Eden (1993) found in her research that retailers do not see themselves as dictators of consumer behaviour but as providers of alternatives. Retailers are cautious in this area, preferring to take a long term approach where change is perceived to be incremental, made up of a number of smaller changes. This study agrees with Eden's assertion that environmental policy appears to be reactive. Although a permanent consideration within decision making, it has not become the paramount consideration, in fact, she goes on to say, that in many cases, implementing specific green consumer driven policies, may be a defensive measure for retailers to pre-empt consumer criticism.

Although her study took place in 1993 and in the UK, similar attitudes to those she found still prevail in Ireland. She noted that retailers will quickly adopt measures which are easy to administer and require little capital investment, measures like recycling bottle

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<sup>3</sup> Fitzsimons E in an interview with the author on August 28th, 1998 in The Taylor Nelson/MRBI offices in Dublin

banks, policy statements, company culture programmes. This attitude is still reflected in the interviews reported in this study.

The country's biggest multiple chain puts it like this

'The last thing we should be in this (Green Consumerism) is preachers of a gospel. Our business is to give them (Customers) what they want, where they want and when they want it, not to be a preacher for any particular point of view.'

*Tesco<sup>4</sup> 1997*

The other major multiple taking part in the survey expressed essentially the same view

'It's not our job to tell Kellogg's how they should make their Cornflakes or to tell Levers how to make Persil, it's our job to put them on the shelves and to let our customers make the decision about whether or not they're environmentally friendly.'

*Superquinn<sup>5</sup> 1997*

By contrast, one of the the other symbol group grocers in this survey felt that the environmental crusade was one in which they could gain some competitive advantage:

'At the beginning of the nineties the environment was spelt with a capital "E", we were very aware of it and we decided to take a proactive role.'

*Symbol Group 2 (Spar<sup>6</sup>)1997*

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<sup>4</sup> Nolan, T in an interview with the author on November 12<sup>th</sup>, 1997 held at Tesco's Head Office in Dublin.

<sup>5</sup> Quinn, E in an interview with the author on November 13<sup>th</sup>, 1997 held at Superquinn's Head Office in Dublin



All companies representing the supply chain in the two major markets under review, Paper Products and Laundry Detergents conceded that the rise in consumer's interest in the environment has had a 'lot of impact' on their business. It was only one of the Multiple retailers and one of the Symbol group grocers who felt that there had been a 'little impact' rather than a lot.

## QUESTION 2

**Has your company experienced any pressure to develop  
any new policies in this area?**

The reply was an unequivocal 'yes' from all sectors of the retail trade. Detergent manufacturers also reported that they too had been on the receiving end of such pressure.

***Table 5.1: Pressure to develop green policies***

RETAIL SECTOR		SUPPLIERS	
Multiples	Symbols	Tissue Products	Laundry Detergents
Yes	Yes	No	Yes

The tissue industry stands alone in not having experienced pressure to develop new policies in this area. The explanation for this is that the tissue industry was already running ahead of public opinion in this area, specifically in recycling. Profit, though, and

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<sup>6</sup> Morrison, A in an interview with the author on November 13<sup>th</sup>, 1997 held at BWG Head Office in Walkinstown, Dublin 12.

not altruism was the motive behind the tissue industry's early adoption of recycling. In fact, because recycled tissue is cheaper to produce than what they refer to as 'virgin pulp'; it has been available in both branded and own-label products for well over a decade. Thus the tissue industry was the least vulnerable to public criticism for environmental reasons than the other sectors.

According to the Marketing Director of one of the leading tissue brands:

'In the tissue market recycling was always part of the business and the reality was that nobody took any marketing advantage of it. It was used (recycled paper) primarily for economic reasons, insofar as secondary fibre is cheaper than primary fibre. The market is very volatile, but there are times when you can't give waste paper away. Sometimes it ends up being dumped.'

(TaraMSL<sup>7</sup>)1997

The toilet tissue market has reached a level of maximum penetration with 100% of households buying. The six key determinants of future growth in the toilet tissue market were cited by Jamont, manufacturers of 'Inversoft', as:

- The state of the economy (buoyancy in the economy means people trade up to a more premium brand).
- Job Security - the higher the better.
- Family Size – and population growth are important.
- Number of homes with two bathrooms.
- Time of year.

- Fibre content of national diet.

The market for toilet tissue is worth nearly IR48m at RSP (AGB Attwood 1997), which makes it one of the biggest grocery categories in the non-food area. Between them, the two participants in this survey control at least 80% of this market.

An interesting point to note here about the market for household paper products is that although consumers are willing to use lavatory paper which is made of recycled paper, they are not prepared to use recycled paper for any other type of tissue. Possibly due to uncertainty over its source and where it has been before recycling, there is a natural reluctance to accept recycled tissue to use as facial tissue. Even kitchen paper which may be used to wrap foodstuff is rarely bought if it contains recycled paper.

### QUESTION 3

**What has been the main source of this pressure?**

*Table 5.2: Sources of Pressure to develop Green Policies*

RETAIL SECTOR		SUPPLIERS	
<u>Multiples</u>	<u>Symbols</u>	<u>Tissue Products</u>	<u>Laundry Detergents</u>
Customers	Co's own initiative	Trade customers and consumers	Lobby Groups
Focus Groups			Local Community

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<sup>7</sup> McMahon, R in an interview with the author on November 14<sup>th</sup>, 1997 held at Tara MSL's office in Dublin.

The multiples cite consumers as the primary source of the pressure they have experienced to develop new policies to reflect their customers' growing interest in matters environmental. It is worth noting that this question addresses current or historical sources of pressure, it does not include a predictive element about future sources of pressure. The issue of future impetus for the green movement is covered later in the survey.

'The biggest drive for us is customers, what we pick up from customer panels.'

Marketing Director (Superquinn)1997

Focus groups are also the medium through which customers express their concerns in this area to the other major multiple group in this study:

'We're a conduit and we listen to people and we're even better listeners now than we were as Power Supermarkets (Quinnsworth) . Environment is very important within the research we've undertaken.'

*Buying Director, Tesco Ireland*1997

Customers are also the most important source of pressure for 50% of the symbol groups surveyed. The other 50% claim that their own initiatives were the main drivers dictating the pace in this area.

In the detergents market, where the pressure to adopt new environmental policies has been high, lobby groups have been the main source of this pressure. It is not seen primarily as a consumer issue. In fact, Ireland's relatively poor response to so-called green initiatives in this market is seen as unique in Europe. It should be noted that as

Proctor and Gamble refused to participate in this study on the grounds of commercial confidentiality, the views expressed for the laundry detergents industry are those of Lever. As will be made clear over the course of this Chapter, Lever's view is an informed one as they have been particularly active in this area.

'Pressure mainly comes from environmental lobby groups, Lough Derg, Shannon Development. People like that. I don't think it's a consumer issue, when consumers had the opportunity to buy zero phosphate products in the form of concentrate powders they rejected it. They rejected it much more strongly in this market more than most places in Europe, certainly in relation to the UK mainland.'

*Marketing Director, Lever<sup>8</sup> 1997*

The tissue manufacturers and distributors relied on feedback from the trade customers, mainly from the multiple sector to determine their policies in this area.

#### QUESTION 4

**Has your company implemented policies in response to this pressure?**

*Table 5.3: Green Policies Implemented*

RETAIL SECTOR		SUPPLIERS	
Multiples	Symbols	Tissue Products	Laundry Detergents
Yes	Yes	Yes	Yes

<sup>8</sup>McGowan, T in an interview with the author on November 12<sup>th</sup>, 1997 in Lever's Head Office in Dublin

All companies interviewed had altered their policies in some way to reflect their customers' concerns about the environment. None was unaffected either from the retail or manufacturing sector. This serves to demonstrate just how widespread the effects are, that all sectors have had to initiate new policies in response to the rise in environmental concerns of their customers.

#### QUESTION 5

**Have you ever undertaken research with your customers to establish their views in this area?**

*Table 5.4: Research behind green policies*

RETAIL SECTOR		SUPPLIERS	
<u>Multiples</u>	<u>Symbols</u>	<u>Tissue Products</u>	<u>Laundry Detergents</u>
Yes	No	Yes	Yes

One of the facts to emerge from the survey is that the symbol group wholesalers differ from the Multiples in one vital respect. Because the symbols operate their franchise on behalf of owner/managers, they may not have access to the same high level of marketing resources in terms of 'head-office' personnel or investment. This has meant that many of the decisions they have taken in this area have been implemented without the benefit of research.

Possibly reflecting their bigger budgets and their superior marketing resources in the retail sector, it is the multiples that have commissioned research with consumers to gauge their feelings in this area and to help guide and inform their decision making when it comes to developing appropriate policies.

The Multiples are committed to research in this area but despite this commitment errors of judgment are still possible. One major multiple has already been caught out in the frantic dash to be seen to be green and they have learnt some valuable lessons. The mistakes arose as a consequence of taking the action before taking soundings from their customers:

‘We go back a little further...we had a green campaign running in, I think, 1989. We made some errors, let’s be honest. In our headlong rush to do what was the right thing, we took a lot of stuff from Canada: some of it was legal, some was illegal. The washing powder didn’t work because it was designed for American machines and not for Irish. It was a nightmare.’

*Buying Director, Tesco 1997*

The other major multiple is totally convinced of the wisdom of anticipating customers' wishes in this area, as in all others, purely as a commercial proposition. However, all their policies have been pre-vetted through their customer focus group process:

‘It’s not just because we’re nice people - it is very much a hard-nosed business decision. If we try and do something about the environment it’s because we feel it will bring customers back in the long run. It’s motivated out of greed because we want those customers to shop with us in the long term.

*Marketing Director – Superquinn 1997*

As already described, symbol groups have introduced some new policies without the benefit of conducting research amongst their customers. The process is not so straightforward for them as most of their outlets are owner managed and their marketing resource is more thinly spread out. The marketing Director of a major symbol group describes his company’s policies as follows:

‘There are a number of policies in the Green area that we adopt. We are aware of the impact of both inner and outer packaging and would be sensitive and tend to minimise the amount of packaging, not just for commercial reasons but certainly for environmental reasons.’

*SuperValu/Centra 1997*

## QUESTION 6

**In terms of consumers, was there any demographic group seen as being of particular importance in relation to environmentally friendly products?**

*Table 5.5: Key demographic groups*

RETAIL SECTOR		SUPPLIERS	
Multiples	Symbols	Tissue Products	Laundry Detergents
No	No	No	No

When asked whether they felt any particular demographic group were more likely to be drawn towards or influenced by policies driven by the environment, most respondents felt the appeal of the issue crossed all barriers.

The Buying Director for one of the country’s leading multiple chains expressed it thus:

‘It’s everybody. It’s everybody. It pervades all strata of society and the schools have played a big part in that.’

*Tesco 1997*



However, despite saying that no single group was especially important, he felt that age (rather than gender or social class) was the critical factor in determining interest in this area:

‘The younger people are more than aware and more than concerned. The older people never worried much about it and would be quite happy to carry on.’

Tesco 1997

‘No one particular consumer group or type was targeted - we viewed it that everyone had the potential to turn green.’

Reckitt & Colman<sup>9</sup> 1998

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<sup>9</sup>Kavanagh, P in an interview with the author on November 13<sup>th</sup>, 1997 in Reckitt’s Head Office in Dublin

## QUESTION 7

What specific environmental policies has your company implemented?

*Table 5.6: What policies have been implemented in the Retail sector*

<u>Policy Area</u>	<u>Already Implemented</u>		<u>Plan to implement</u>		<u>No Plans</u>	
	Multiple	Symbol/ Wholesale	Multiple	Symbols/ Wholesale	Multiple	Symbols/ Wholesale
Recycling Points/Bottle Banks	100%					100%
Information Leaflets	100%	100%				
Introducing less harmful refrigeration	100%	100%				
Eliminating CFC's from egg-boxes, meat trays	100%	100%				
Control Pesticide levels in food	100%	50%				50%
Stock Organic produce	100%	100%				

<u>Policy Area</u>	<u>Already Implemented</u>		<u>Plan to implement</u>		<u>No Plans</u>	
	Multiple	Symbol/ Wholesale	Multiple	Symbols/ Wholesale	Multiple	Symbols/ Wholesale
Co Cars & Vans use unleaded fuel	100%	100%				
Delivery contractors must pass environmental audit	50%				50%	100%
All cardboard waste recycled	100%	50%		50%		
Annual environmental audit covering entire co.	100%	50%				50%
All promotional material printed on recycled card	50%	100%				50%
Stock Environmentally friendly products	100%	100%				

Policy Area	Already Implemented		Plan to implement		No Plans	
	Multiple	Symbol/ Wholesale	Multiple	Symbols/ Wholesale	Multiple	Symbols/ Wholesale
Market Own label products which are environmentally friendly	100%	100%				
Have Co Green Logo	100%	50%				50%
Offices send separated paper waste products for recycling	100%	100%				
Devote additional space to brands which are environmentally-friendly	100%					100%
Favour products with bio-degradable packaging	100%	50%		50%		
Favour brands not tested on animals	50%	50%			50%	50%

Policy Area	Already Implemented		Plan to implement		No Plans	
	Multiple	Symbol/ Wholesale	Multiple	Symbols/ Wholesale	Multiple	Symbols/ Wholesale
Offer refunds on returned glass bottles					100%	100%
Offer Green Shopping Bags	100%	50%				50%
Have a written policy on the environment	100%	50%		50%		
Reduce retailer margin on Green brands to make them more competitively priced					100%	100%
Stock Organic Food	100%	100%				

It is worth noting a couple of things about this list. Firstly, it spans a great deal of activity; very many policies have been introduced covering diverse areas and aspects of business. The multiple sector have led the way on this issue, having introduced more policies than the other sector under review. Secondly, because the first reported green initiatives in multiple retail go back at least a decade, it is not surprising that the middle two columns (referring to plans) are relatively vacant. It seems the decisions have been made in each case, either the companies have decided to run with an initiative or else they have ruled it out.

Very few policies are still in the planning stage except where they involve major corporate decisions or capital investment support. One can also see the evidence of the point made by Eden (1993) that it is the less costly options that are actioned first.

It seems that retailers are prepared to go to any reasonable lengths they can to promote brands and products which are environmentally-friendly, however, this stops short of actually reducing their own margins in order to make the product more competitive in terms of shelf RSP (Retail Selling Price).

This is significant when considered against the backdrop of the widespread belief among retailers that retail selling price was a crucial factor in the failure of many of the green brands to achieve the level of success which had been hoped for them.

### Question 11

How have these policies/initiatives been communicated?

*Table 5.7: Communicating the Green Policies*

	RETAIL SECTOR				SUPPLIERS		
	Tesco	S/Q	Spar	M/Graves	Lever	Jamont	Tara
ATL Advtg	√				√		
PR	√			√	√		
Seminars/ Open Days					√		
In Store	√	√	√	√	√		
Freephone					√		
Promotions/ Club cards	√	√			√	√	√
N/letter Direct Mail		√		√	√		√
Internet					√		
Roadshows					√		
Packaging					√	√	√
Schools			√				

The policies adopted by the respondents have been communicated to their customers in various different ways. Lever Bros have employed all conventional media to relay the environmental message about their brands to their consumers. From the survey, it is the market for laundry detergents which has seen the most green marketing activity. Therefore, it is worth a closer look.

‘Cleaners and detergents appear to have been most affected in terms of the number of people saying that they have stopped buying certain products or bought less of them.’

#### Dept of Environment Survey 1991

The environmental card was first played in the laundry detergents market back in 1989 when P&G launched ‘Ariel Ultra Powder’. This was seen as a radical competitive move. It signalled the beginning of a long and expensive battle to convert the Irish consumer from using conventional ‘big-box powders’ to using micro powders. What Lever and P&G wanted was to convert the Irish market from one where the majority of users relied on standard ‘bulk’ powders to micro powders. Such a conversion would have been very profitable for them and they were prepared to invest heavily to promote it. The then new *micro powders* used less bulk, less packaging, less chemicals and caused less environmental damage. Ostensibly, this was a positive development for the environment. It would seem, on the surface, to have judged the mood and concerns of the market exactly right.

The Managing Director of AGB Research in Ireland kept a close eye on events as they unfolded in this fiercely competitive market:

‘Back in 1989, Proctor launched Ariel Ultra Powder and Levers responded with the launch of Radion Micron and between: door-to-door sampling, in-store couponing, heavyweight advertising, Roadshows with 2FM, - there was a huge amount of investment and there was a view prevailing in the company at the time that this market would go the way of some of the Benelux countries where a



conventional powder market would completely flip over and become a concentrate one. 100% conversion.'

AGB<sup>10</sup> 1997

The Marketing Director of Lever recalls:

'Concentrate powders which have less packaging, less chemicals and are non-phosphate - but at the end of the day the consumer found them to be bad value and now they're down to just 8% of the market here now which is desperate when you consider the amount of support that both us and Proctor have put into this initiative. That just proves it's not a consumer issue. In fact, probably *the biggest promotion ever run in this country* was run by us to promote micro powders where we gave every home in the country the opportunity to get a free box (which had a value of £2.25). This promotion had a huge take up as well so that was just about as big as you can go, over a million homes at two quid (IR£2.00) each.

In some European countries like Germany, the market is totally the reverse of Ireland's consumption pattern - it's all concentrate powders and very little of this (big-box powder).'

Lever 1997

As well as door-to-door sampling, Lever also used TV, PR, Roadshows, a Freephone Careline, in-store promotions, direct mail, a web-site and promotional packaging to promote the environmental benefits of micro powders.

Despite all this heavyweight activity, Lever actually lost brand share during this period:

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<sup>10</sup> Donnelly, K in an interview with the author on November 17<sup>th</sup>, 1997 held at Taylor Nelson/MRBI's Head Office in Dublin

‘Between 1992 and 1995 - we would have lost share in the Republic of Ireland.’

Marketing Director – Lever 1997

By November 1997, despite all this marketing and promotional support, concentrate powders account for just 8% (volume) of the detergent market and Lever have now abandoned their attempts to persuade the Irish consumer to switch over to them.

However, the key question remains, why what was probably the biggest ever promotional campaign behind any consumer brand failed so spectacularly to achieve its objective?

Kevin Donnelly who worked at Lever, as a Senior Brand Manager, coordinating this campaign at the time provides a unique insight on this case study. Later he took up the position of General Manager at AGB Research (Ireland) where he retained Lever as one of his clients and he continued to monitor this market . Thus Donnelly has analysed this market for a decade and has watched its progress, first as a brand manager and afterwards as an Account Director with the research agency.

Donnelly, in his capacity as a researcher, also handled the account of one of the major paper product manufacturers in Ireland and is a recognised expert in this area also.

One of the areas he cites as an example of the disparity between the Irish Green consumer movement and the equivalent in Germany is the differences in the two countries attitude to fabric conditioners. Intrinsically, he says, these products offer little in the way of performance and are simply a well packaged and well branded version of coloured water. According to Donnelly,

‘In Green countries, fabric conditioners, like Comfort and Lenor, that whole market was almost wiped out because the green lobby got hold of it and revealed that the brands were simply coloured water, and effectively, it doesn’t imbue that much functional benefit. And, the green lobby said this is a superfluous product and you’re just putting pressure on the environment. The Fabric Conditioner market halved in some Benelux countries and we were afraid the same thing

might happen here so we changed our advertising from image building to electron microscopes and fibres to show how the product was supposed to work. But the green lobby here (in Ireland) never really got hold of the superfluous nature of this product category.'

Donnelly AGB 1997

The green market was originally seen (1989) as a key target for Lever, they felt it was a growing new sector and one worth developing. Again Donnelly recalls,

If you have that working assumption (that the market would totally move to micro-powders), then it makes sense to invest very strongly in the sector. Levers' felt that this was their chance to close the gap with P&G, if they could be seen to own this emerging sector, then it was worthwhile investing these huge sums of money.'

Donnelly, AGB (formerly Lever) 1997

However, the consumer proved far more difficult than expected to convince despite all the marketing tactics employed by Lever. Donnelly feels the core proposition was hard to define and consequently difficult to communicate and therefore impossible to understand. The whole concept centered on '*less*': less packaging, less chemicals and less waste. And, yet the products cost '*more*'.

Lever chose to lead their campaign with the Green benefits, only alluding to the cleaning power of the concentrates as a secondary benefit. Donnelly views this as a mistake:

'The fundamental problem in all of this was that the argument was a bit hard to convey because it was all about less bulk, less energy used in manufacturing- quite difficult to get that across to the consumer. The less packaging was fairly clear, but you had these 'plonky' full page ads in the Irish Times for washing

powder which had pipettes and burettes - and I'm not sure whether it really caught the imagination of "Mrs. Housewife".

What they should have been doing was presenting the Green benefits as secondary benefits because that's ultimately what it's all about. People, even the Green people, all the research has shown, still wanted clean clothes. So, you shouldn't part company with the primary benefit sought.'

Donnelly, AGB (formerly Lever) 1997

Nonetheless, Lever was serious about concentrates. The company had set itself the target of converting 40% (volume) of the market into concentrates. Once this objective was achieved they intended to take the radical step of withdrawing the entire conventional (big-box) range from the Irish market, thus forcing the change to concentrates. However, the target was never reached.

What Lever had failed to take into consideration was that, typically, Irish housewives used less than the recommended dose level of big-box powders. Because each wash was using less powder than it was technically supposed to, the consumer was getting more washes per pack than they really ought to have.

With the concentrates, the sheer perception of putting such a small amount of powder into the tray just did not feel natural to the Irish consumer and many of them developed the habit of putting in an extra scoop into each wash 'just for luck'.

Another issue that Donnelly feels should have been addressed prior to launch was the physical powder itself. In appearance, colour and texture, there was no discernible difference between the two types of powders. Donnelly feels strongly that there should have been a marked physical differentiation in the look and feel of the powder itself between big-box and concentrate:

'What should have happened is that something physical should have happened to the powder, maybe they should have put speckles in it or changed the colour of the powder. Maybe the powder should have been green so that when it was

poured into the machine, it looked different. Even though there was less of it, they should have embedded physical differences. But that level of differentiation never actually got into the mix.

There was a point where six months down the road people didn't know whether they were using concentrate or standard powder because there was no difference in the powder

The 'one for luck' syndrome really drove the in-use costs for concentrates far above what consumers had been used to with conventional powders.

Paradoxically, the concentrates were more expensive to begin with, but this premium really soared when people began to use more than they really needed especially as they had been under-dosing on the other powders.'

Donnelly, AGB (formerly Lever) 1997

People began to think the whole thing was a little suspicious, Donnelly recalls:

'The kernel of what we found was the cost per wash premium in use was horrendous for concentrated powders. They were more expensive to begin with and people could never square with that - because if you had less bulk, less packaging, less ingredients how come it cost you more as a consumer?

So it looked like a bit of a scam if you were a thinking consumer. Secondly, even if you were fooled by the whole logic of it, people under-dosed conventional powder.

The recommended dose of conventional powder is two cups and invariably, people just dose one - so they get twice as many washes really than is recommended for an ordinary washing powder pack. However, people used to tend to overdose concentrates. They'd put one scoop in the drawer of their machine and because it wasn't filling the compartment, they'd put in an extra one. The one for luck syndrome. Which meant that they were overdosing.

So the number of washes you were getting from comparable packs was a ratio of 80:20 in favour of conventional. You were paying more for concentrate powder, so the cost per wash was three to four times higher than for ordinary powder. There was no discernible difference in the result you were getting with concentrates.

So, really, the proposition didn't hang together. There wasn't enough to persuade a non green, pragmatic consumer that there was a reason for giving up the powder they'd been buying for many years and suddenly to switch over to this new group of powders (concentrates).'

Donnelly, AGB (formerly Lever) 1997

Consumers quickly got dissatisfied with concentrates and began to return to their conventional powders. The Lever target of 40% conversion began to look completely unrealistic. Donnelly says the company was forced to rethink their strategy in the light of consumer behaviour:

'Value overrode any green concerns. It suddenly became clear to us from the trial rate that it was never going to get anywhere near full conversion. That had fundamental implications for strategy; one was that any hope of withdrawing conventional powders went out the window.'

Donnelly, AGB (formerly Lever) 1997

Lever tried everything to convince consumers to move to concentrates, during the campaign as research showed them that the green argument just didn't carry enough weight with consumers, they subtly changed the balance of emphasis in their media communications, reducing the emphasis on green elements in favour of a heavier emphasis on the product's cleaning properties.

‘Our TV advertising for Radion Micron - at the start the balance of our message was half-green, half cleaning. Then it went three quarters cleaning and then, bang!, it went all cleaning’

Donnelly, AGB (formerly Lever) 1997

Lever, have led the charge in this area, having invested more expertise and more marketing resources in it than any other company in Ireland. So when the respondents in this survey were asked to list the means they had used to communicate their green brands/policies to consumers, not surprisingly, Lever’s is the most exhaustive list.

### Question 12

**Were there any particular Green initiatives which were more successful than others?**

Reflecting afterwards about the objectives of the drive behind micro powders, Donnelly admits that it was motivated more by corporate greed than by environmental altruism:

I think the whole thing was a bit of a ruse by the two major manufacturers (Levers and Proctor & Gamble) to get people to buy and use more powder. They would have been the ultimate winners. Lever and Proctor wanted 100% conversion, smaller factories, more powder being used and a higher value on the market. The retailers wanted it for more efficient use of shelving. So you had powerful forces - the supply chain and the retailers, all wanting this to succeed. Powerful forces in the equation were all trying to push this and yet the little old consumer wasn’t duped

Donnelly, AGB (formerly Lever) 1997

Although the launch of these tablets occurred outside the declared period under review in this study, the launch has been phenomenally successful and has added a lot of additional buoyancy to what could have been described as a fairly static market. The concept of tablets is an ingenious one which addresses the fundamental reservation expressed by Donnelly about the micro powders having no perceptual difference between them and the standard big-box powder from which they were hoping to convert customers. The tablets have overcome this obstacle, having what he referred to as an embedded difference both in appearance and in use.

In the June 1999 issue of Checkout, the following report accompanies the news of Persil's award:

The launch has been highly successful and Persil tablets have captured 14% of the low suds market currently valued at IR£57m. Elida Lever is intent on growing the tablet sector by building on the success of Persil tablets with the recent launch of Persil Colour Care tablets. The convenience of a unit dose tablet will soon be extended to both Surf and Radion, offering tablets to an even wider number of Irish consumers.

Checkout, June 1999 p 36

At the time of writing (Autumn 1999), the competition has not been slow to respond. Proctor and Gamble have already launched Ariel tablets. So, one can assume, given the already substantial market share reported for Persil, that this new initiative is more likely to succeed where the micro powders failed in switching Irish consumers out of big box powders and into a more environmentally friendly format of washing detergent.

Moving back to the retail forum, when asked to enumerate their successes in the green marketing area, it is interesting to note that some of the more easily visible initiatives in retail seem, in fact, to be among the least successful. Shopping bags, for instance, seem an obvious target for the environmental lobby and most of our participants had introduced shopping bags that were environmentally friendly. These, however, do not appear to be generally favoured by Irish consumers.



Typically, so-called 'green shopping bags' come in two different types. First, there's the cotton or canvas, re-useable bag which consumers are supposed to bring with them every time they come shopping thus eliminating the need for a plastic shopping bag. Only Superquinn have maintained this type of bag as a standard item for sale in their stores.

The canvas/cotton shopping bag seemed like a good idea to the Marketing Director of one of the country's leading symbol wholesale groups,

'We implemented the green shopping bag and it didn't go well at all. We had an enormous number of cotton bags made and we did promotion after promotion on them but we still have a warehouse full of them. We can't give them away.

The Irish shopper doesn't appear to favour the concept of bringing their bag to do their shopping. Maybe the older people who don't really shop on impulse; who have a more regular pattern - they may use it.'

BWG 1997

This experience is echoed by one of the multiple groups while the other experimented with recycled brown paper bags. The Irish climate got the better of this scheme.

'In Ireland, paper bags are not practical because 50% of the days of the year it's raining. Customers said 'Get Out - I can't carry home messages in a paper bag on a wet day'. That's why plastic is out there. You can carry it on a wet day and it keeps the products dry.'

Tesco 1997

The question of re-useable shopping bags was addressed in the Department of the Environment Survey (Attitudes to the Environment 1994)

**Table 5.8: Frequency of bringing back plastic bags to use at the supermarket**

	Male	Female	Total
Regularly	6%	12%	9%
Occasionally	8%	13%	11%
Seldom	6%	6%	6%
Never	79%	68%	74%
<b>Total</b>	100%	100%	100%

**Source: ESRI Report on Attitudes to the Environment - Jan 1994 .**

Plastic bags are regularly brought back to use at the supermarket by 9 percent, and occasionally by 11 percent, relatively more by women. The table also indicates that 74% never do.

Women and those over 60 years of age are more likely to reuse shopping bags, quite possibly reflecting the nature of their shopping habits being quite routine. Symbol group grocers, like Spar and Centra, with their longer opening hours and proximity to their customers are less likely to be successful with green shopping bag initiatives.

However, Superquinn offer a reusable shopping bag to their customers. It is a stiff canvas bag for which customers are asked to pay £1. As well as the bag, they also sell collapsible plastic take-home boxes which shoppers can reuse in their shops and which, when not in use, fold neatly in the back of the car.

The day of this researcher's interview with Tesco happened to be the very day on which they were launching their 'bag for life' programme. Again consumers are asked to buy the bags, at 10p each, and to reuse them over for as long as they can. Both these programmes are still going at the time of writing (August 1999) which would indicate a reasonable level of success for them.

### Question 13

**How have you communicated your policies about the environment to your suppliers?**

The route for retailers to let their suppliers know of any new policies they were instituting was simply through their regular reviews at buyer/supplier meetings. This method was used exclusively.

**Table 5.9: Telling the Suppliers**

<i>Retailer</i>	<i>Spar</i>	<i>SuperValu/ Centra</i>	<i>Superquinn</i>	<i>Tesco</i>
<i>Method</i>	Buyer/Supplier Meetings	Buyer/Supplier Meetings	Buyer/Supplier Meetings	Buyer/Supplier Meetings

Retailers use a number of approaches to evaluate and assess suppliers and their products but discussion and regular review meetings are the most common. In no case does it occur that retailers met with suppliers with the sole purpose of discussing environmental issues.

#### Question 14

**Do you consider these environmental policies to have been successful?**

When it comes to evaluating the effectiveness of green initiatives, all retailers surveyed reported their initiatives to have been successful and yet none had effective quantitative measures in place.

**Table 5.10: Have the Green Policies been successful?**

RETAILER	SPAR	SUPERVALU/	SUPERQUINN	TESCO
CENTRA				
Yes/No	Yes	Yes	Yes	Yes

When asked how the success of their policies was measured, only one multiple chain was able to report with some confidence that their policies had been endorsed by focus groups. The others were confident that their policies were successful but had no facts or data to back this up.

#### Question 14

This question had as its purpose the validation of the choice of these markets as being significant ones for our respondents. 100% of respondents agreed that these were markets '*of significant volume and value turnover for my organisation*'. The selection of

these two specific markets was therefore justified by virtue of their substantial size and importance to the retail sector through which they are sold.

### Question 15

**Which of the following suppliers of paper products do you think has been most successful in positioning its brands to exploit the trend of growing environmental awareness amongst consumers?**

- A) Jamont
- B) Tara/MSL
- C) Allegro

**Table 5.11: Which supplier, in your view, has been most successful?**

Retailer	Spar	SuperValu/ Centra	Superquinn	Tesco
Company	Jamont	Jamont	Jamont	Jamont

Jamont, makers of Inversoft, Irelands major brand of recycled tissue, were identified by all the retailers in the survey as having been the ‘most successful in positioning its brands to exploit the trend of growing environmental awareness amongst consumers’.

Jamont were the pioneers of recycled tissue, having launched Jumbos Recycled back in 1988. The acquisition of the company from Nokia by Invercon in 1987 led to the change

in brand name to Inversoft. Inversoft had been trading in Ireland as a minor agency line handled by a small distribution operation called Inversales.

The marketing manager for Jamont recalls:

‘Jumbos was the only indigenous Irish brand. It was owned by Nokia Finland. The brand had no very clear positioning and it soon came under pressure from other competitors but especially from Own Label. So we decided that recycled paper was worth looking at. We found a recycled paper that was acceptable, it was a little harder but it was acceptable. We changed packaging completely, we put a tree on the front of it, to suggest unashamedly the green side of the positioning. We hit the environmental thing spot on, we were in place when it really started to rocket.’

Jamont <sup>11</sup>1997

Jumbos’ success didn’t come about simply because there was a tree on the front of the pack. The marketing programme supporting the brand included TV and a number of linked on-pack consumer promotions:

‘Jumbo’s ran a promotion where you could send away for a writing kit with note paper and envelopes which were printed on recycled paper.’

Jamont 1997

### **Question 16**

When the same question is asked about the main suppliers in the market for laundry detergents, the answer is not as clear-cut. P&G was favoured by the multiple retail

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<sup>11</sup> Devaney, D in an interview with the author on November 18<sup>th</sup>, 1997 held at Jamont’s Head Office in Dublin.

respondents with Lever getting the vote of one of the symbol group wholesalers. Neither Lever nor P&G was the verdict of the other symbol group. This result puts P&G slightly ahead.

There was a broad acceptance that both Lever and P&G are active in this area but no specifics were readily called to mind to illustrate the superiority of one company's performance over the other. It is fair to say that, often both companies are bracketed together in terms of the similarity of the product ranges they offer in laundry detergents.

### Question 17

**Which of your own retailing competitors would you consider to have managed this issue most successfully?**

***Table 5.12: Which Retailer has been most successful?***

Retailer	Spar	SuperValu/ Centra	Superquinn	Tesco
Company	Superquinn	Superquinn	Tesco	Superquinn

When retailers were asked to rate their own competition in terms of food retail's performance in this area, the result showed Superquinn is perceived to be the clear leader. Respondents were asked which of their competitors they felt had managed this issue most successfully. Superquinn nominated Tesco but the others all nominated Superquinn. Some were grudging in their nomination, saying that Fergal Quinn was the quintessential PR man and that it was perception rather than reality which had earned the company its reputation as champions of the environment.

However, when it comes to the implementation of measures and policies to reflect their concern for the environment, it is Superquinn who have done more than any of the other retailers surveyed. Thus, their reputation is deserved.

### Question 18

**Do you believe, over the next three years, the emphasis currently given to the environment by your customers will:**

- A) Remain about the same**
- B) Begin to wane/decline**
- C) Continue to grow**

***Table 5.13: What will happen to Green Marketing over the next three years?***

	Superquinn	Tesco	Spar	SuperValu/Centra
a) Remain about the same				
b) Begin to wane/decline				
c) Continue to grow	√	√	√	√

When asked about the future of green consumerism, there is no doubt in the minds of any of the survey participants that its influence is likely to grow. This is particularly acute in the case of retailers:



This question gets to the core of the thesis because it was here that respondents began to discuss what they really felt would happen in the future. It's very obvious from the country's leading retailers that they don't expect consumers to drive the green agenda into the future, they expect the impetus to come from legislation, particularly from the EU. There was a high level of awareness of pending EU legislation on waste management particularly in relation to packaging waste. Retailers and manufacturers cited this to be among the developments which would have the most serious implications for them in terms of compliance.

### **Attitudinal Scales**

In the research design, it was noted that the third element in the research process, apart from the structured questionnaire and topic guide, was a list of statements for which respondents were asked to indicate their agreement on a five point semantic scale (see Appendix C). The purpose of this additional element to the interview was to validate answers given earlier in the discussion and to take a number of points that had emerged from the background reading and reflect the interviewees reaction to them.

Of the 11 original interviewees, the views of the practitioners only are reported here and those of the people involved in complementary areas like market research or industry bodies are omitted. This is to give clarity to the views of those most closely involved in the area. These views are taken from a subset of the original group and include four specific sectors:

**Table 5.14: Attitudinal Scale Respondents**

<b>Retail Multiples</b>	<b>Superquinn</b> <b>Tesco</b>
<b>Symbol Group Grocers</b>	<b>Musgraves (SuperValu &amp; Centra)</b> <b>BWG (Spar &amp; Mace)</b>
<b>Paper products</b>	<b>Tara MSL</b> <b>Jamont</b>
<b>Laundry Detergents</b>	<b>Lever</b> <b>Reckitt &amp; Colman (Down to Earth)</b>

It is noticeable from the following charts that in many cases the view of the laundry detergent suppliers included in this survey can vary considerably from the views expressed by other interviewees. It is the author's belief that the explanation for this slight deviation of opinion is that this sector has invested most in trying to attract and win over the green consumer – and has failed. It would seem that the attitudes they express in this part of the survey are more cynical than those generally expressed.

When reading the graphs, it is important to note that the bars will be either one of two heights –either 50% or 100% agreement or otherwise. This is because within each of the four categories of respondent, there are only two individual respondents.

The questions posed are self explanatory and are intended to probe respondents views on various areas not covered in the questionnaire as well as confirming some views which were covered. The commentary to accompany the charts follows below. The figures

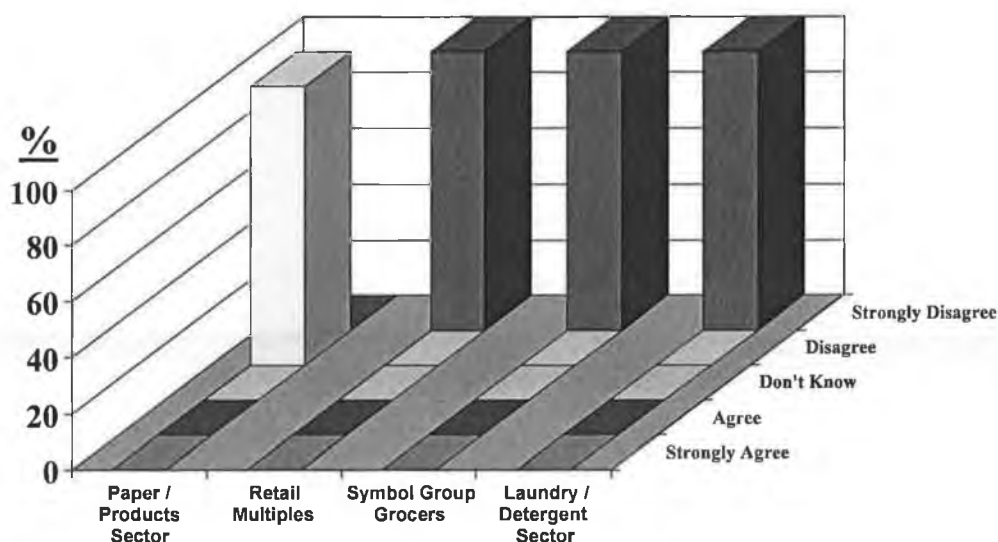
graphing the answers are in Appendix C. Also in Appendix C is the original semantic differential scale used to gather the information. It is suggested that the graphs should be viewed in advance of looking at the commentary or that they should be viewed together.

## Attitudinal Scales

### Question 1

*Figure 5.2*

**In a Department of the Environment Survey, 1 in 5 people say they select products on the basis that they are described as 'green' or environmentally friendly; do your sales figures reflect this?**



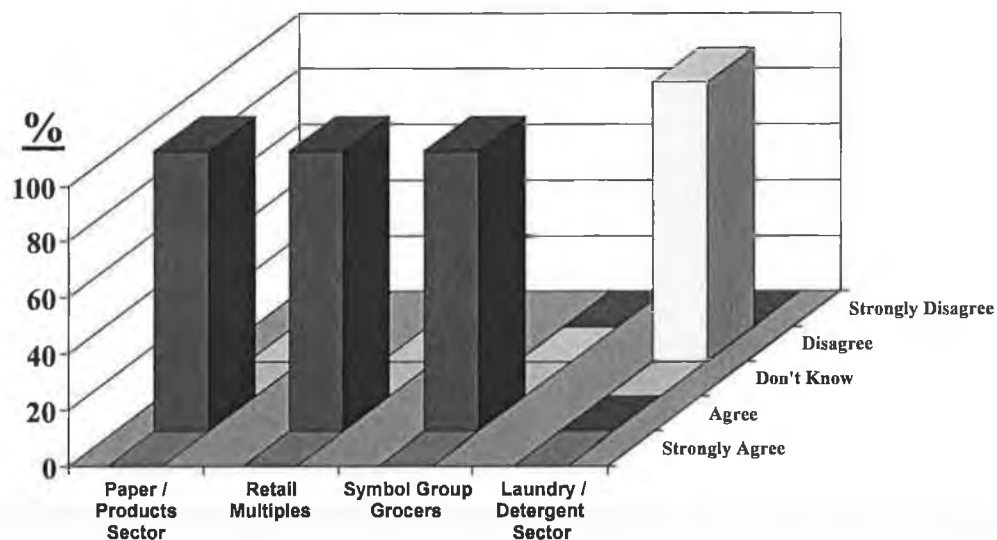
A very high level of conformity was recorded here for the question of whether respondents believed that up to 20% of shoppers were selecting brands because they were environmentally friendly. All four sectors disagreed with this statement, with three of the four strongly disagreeing. Given that in no product category emerging from the study, does a green brand hold a 20% share of any market, it would have been most surprising if they had agreed with the statement.

The level of disagreement is striking. All respondents would have first hand and expert knowledge in this area.

## Question 2

*Figure 5.3*

**Many companies are vulnerable to pressure from an increasingly environmentally aware public.**

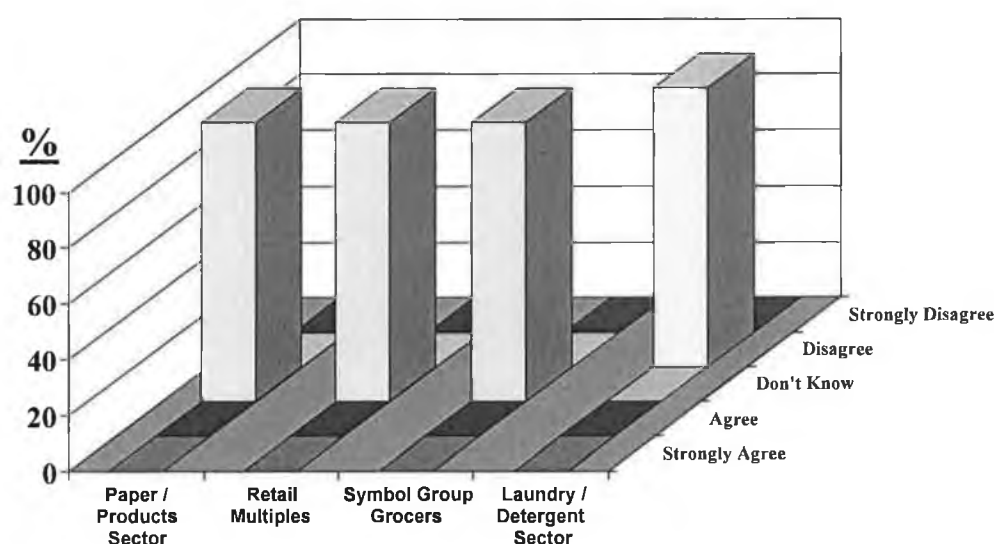


There is a high level of agreement to the suggestion that 'many companies are vulnerable to pressure from an increasingly environmentally aware public'. This correlates with the survey questions: 1, 2 and 22 – where all companies involved reported that they had experienced pressure, that they had developed new policies as a result and that they expected the pressure to continue in the future, albeit from a different source. The dissenting voice here reflects the experiences of the detergent industry whose experience suggests that the public are not the main driving force behind this issue.

### Question 3

*Figure 5.4*

**Green brands will take an increasing share of every market**

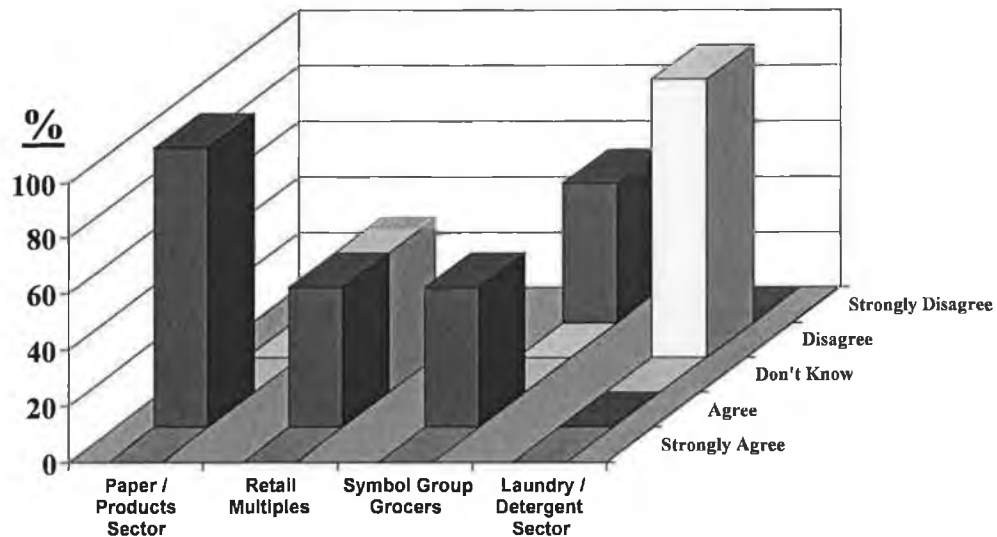


There is understandable uncertainty as to whether 'green brands will take an increasing share of every market'. What this really shows is just how little confidence there is in the proposition, with none of the respondents expressing agreement. In line with the previous answer, the detergent group disagree with the statement. There is an understandable ambivalence about this statement. The attitude of laundry detergent sector, hardened by their commercial experience in this area, is to disagree fundamentally with the proposition that to be 'green' is any passport to success in the Irish market. The other sectors have not quite made up their mind.

#### Question 4

*Figure 5.5*

**Greening a brand will give it a real competitive advantage.**

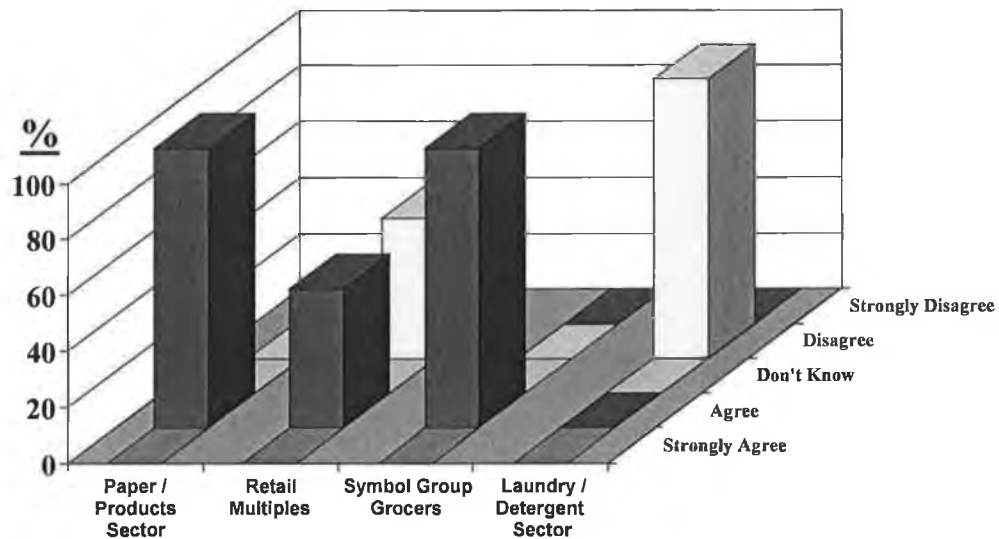


Some real divergence of opinion emerges when confronted with the statement 'Greening a brand will give it a real competitive advantage.' The differences in the respondents' own experiences comes to the forefront. The paper products industry, who have enjoyed success from the green consumer movement, agree; as do half of the grocery multiples and half of the symbol groups. However, reflecting their own experiences, the laundry detergent suppliers disagree with this statement. One of the symbol groups (Musgraves) strongly disagrees, noting that their sales figures show nothing of the sort. This is the first of the attitudinal scales to show a divergence of attitude within the sectors questioned.

## Question 5

*Figure 5.6*

**We subscribe to the view that the company and all of its activities are part of the product being consumed.**

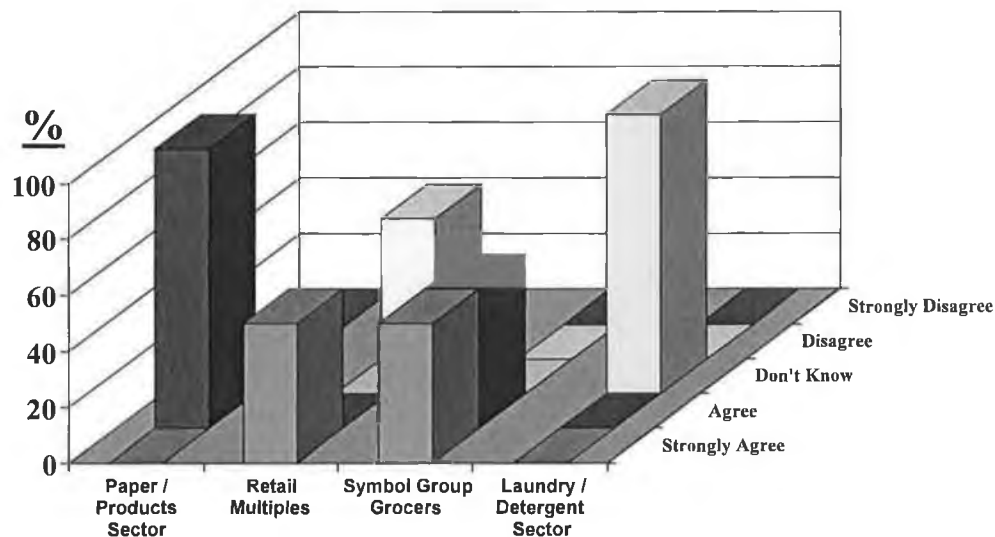


In terms of the holistic approach to environmental consumerism, there is strong agreement to the philosophy that 'the company and all of its activities are part of the product being consumed.' Only Musgraves did not agree, saying that they do not audit or even examine the overall ecological performance of their suppliers and were, therefore unable to comment on all their activities.

## Question 6

*Figure 5.7*

**We place an emphasis on meeting the genuine needs of consumers rather than stimulating superficial desires.**



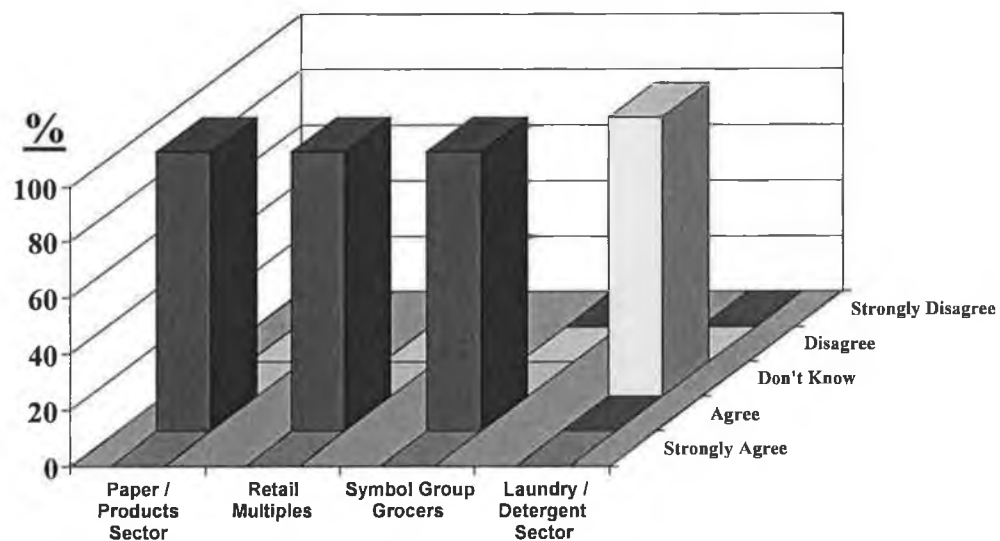
Placing 'an emphasis on meeting the genuine needs of consumers rather than stimulating superficial desires' is an important tenet of the trading philosophy of the paper products sector, the symbol group grocers and one of the multiples (Tesco). The laundry detergents group were not quite so sure, while Superquinn did not agree at all. The ambivalence of the laundry detergents manufacturers may be explained by the earlier admission during the interview that fabric conditioner was little more than 'coloured water'. Superquinn did not like to confine itself by agreeing insofar as they felt uncomfortable defining the line separating what was a genuine need for a customer and what was a superficial one.



## Question 7

*Figure 5.8*

**There are not enough Irish made environmentally friendly products.**

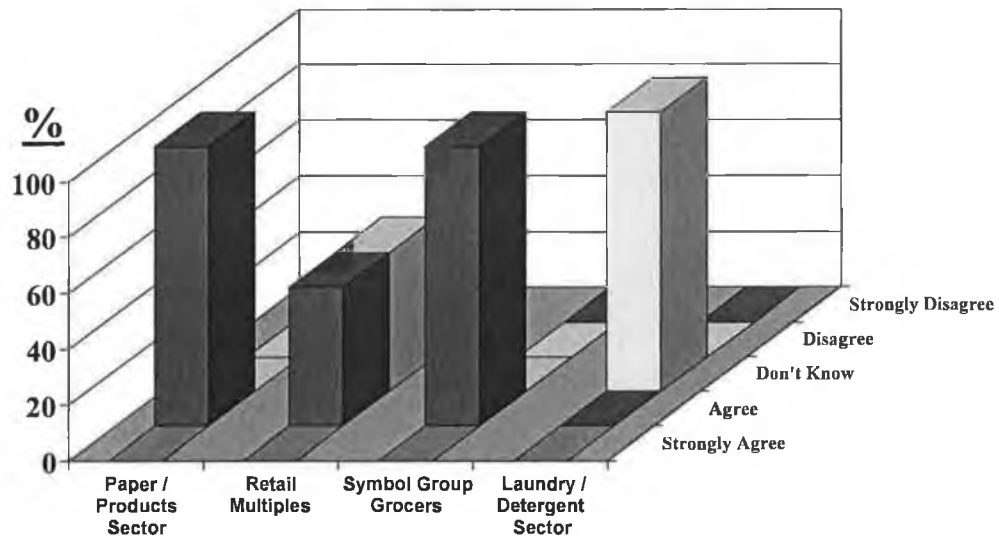


Turning to the issue of Irish made products in the green category, to the statement that 'there are not enough Irish made environmentally friendly products', there is broad agreement from three of the four sectors. Only the laundry detergent sector remains on the fence. Few of the interviewees could mention examples of Irish made environmentally friendly products or brands which were top of mind.

## Question 8

*Figure 5.9*

**This is a significant business opportunity which is being neglected by Irish companies.**

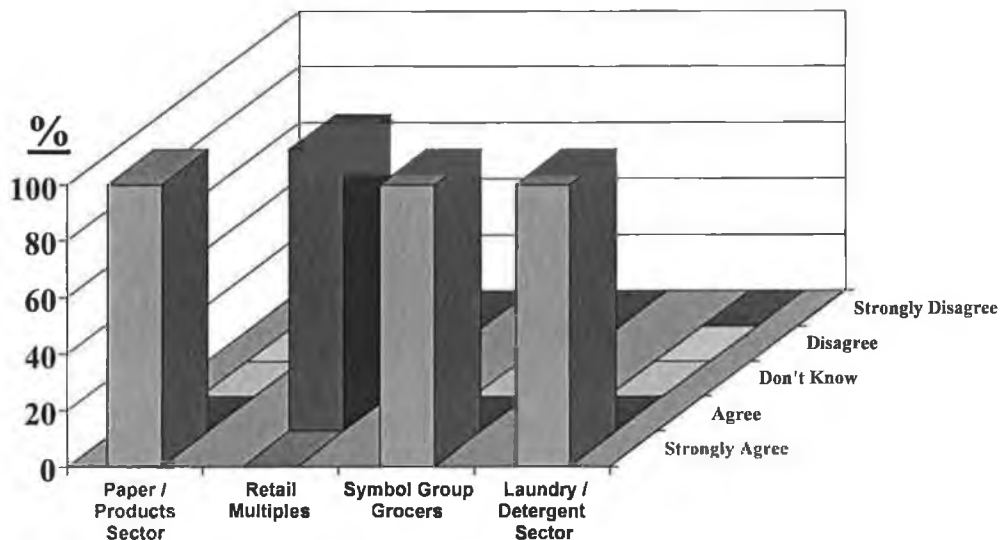


Intended to complement the preceding statement, the notion that 'this is a significant business opportunity which is being neglected by Irish companies.' The companies who have had good experiences with the green market are typically in agreement with this statement – again the laundry detergent sector is unconvinced as is Superquinn. The latter made the point that none of the green brands launched back in the early 1990s have survived and therefore it may not be a significant business opportunity.

## Question 9

*Figure 5.10*

**People like to say they care about the environment but very few are actually willing to pay the extra premium required to do anything about it.**



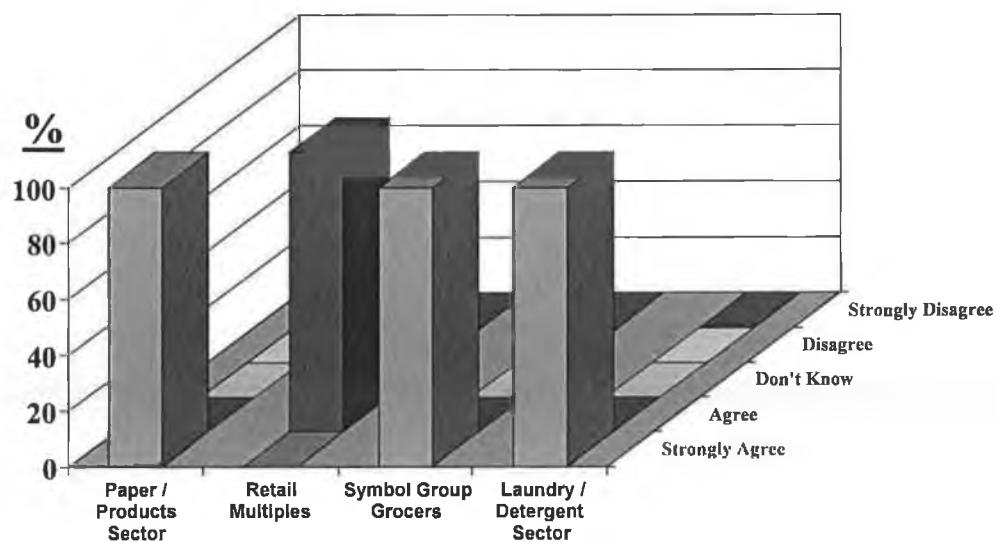
This was the one area where one could have expected universal conformity of opinion. To the statement that; 'People like to say they care about the environment but very few are actually willing to pay the extra premium required to do anything about it' – all agreed, with three out of four agreeing strongly.

This finding agrees with many of the observations made during the interviews about the sizeable gap between what consumers say and what they do.

## Question 10

*Figure 5.11*

**Green marketing has never really taken off in Ireland**

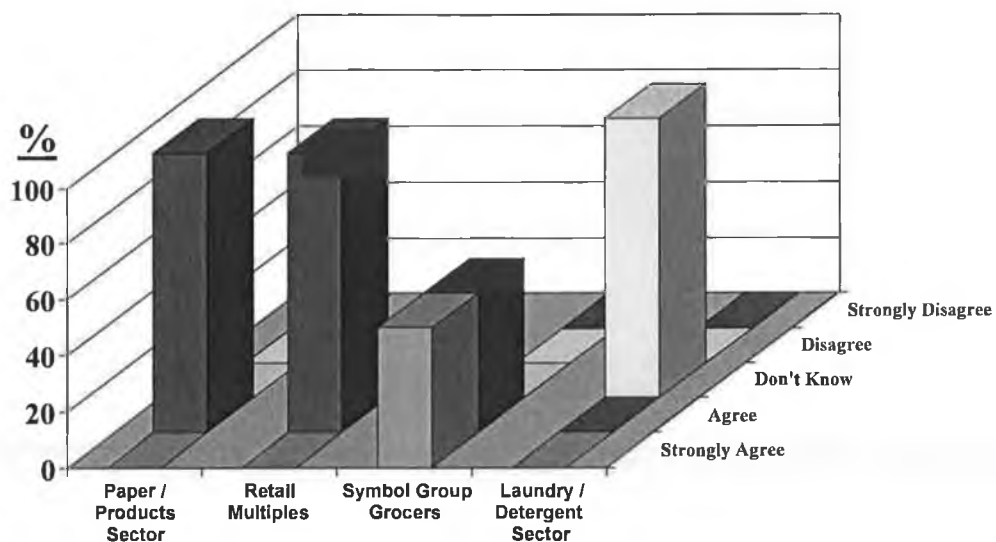


To the idea that 'green marketing has never really taken off in Ireland', there is again broad agreement. Agreeing most strongly is the laundry detergent sector whose experiences have been both painful and costly. They cite the German experience where the market is more sophisticated than ours in this regard.

### Question 11

*Figure 5.12*

**Green products failed to deliver the benefit for the extra price.**

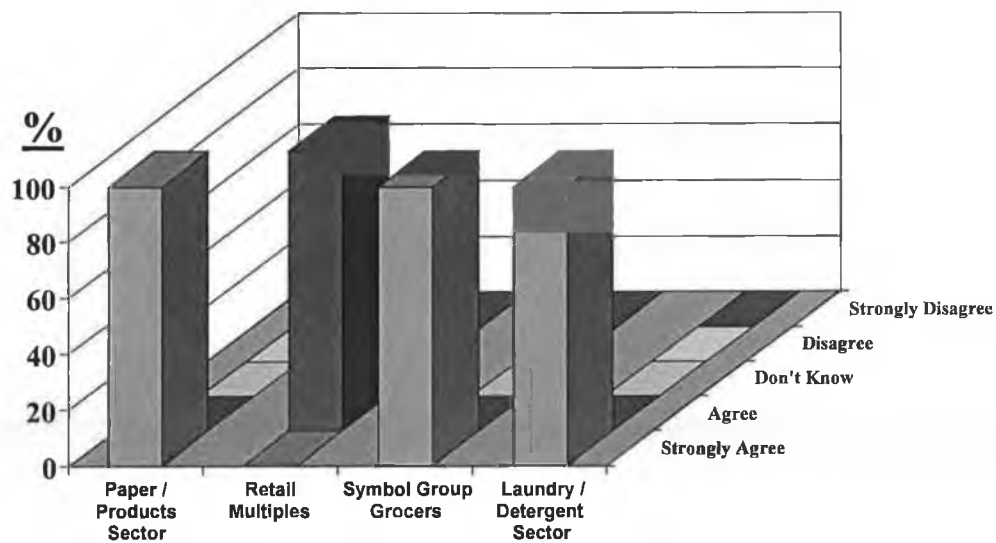


‘Green products failed to deliver the benefit for the extra price.’ This idea meets general approval from the respondents with one notable exception – the laundry detergent sector. Having launched the micropowders, it is unlikely that they would admit that they ‘failed to deliver the benefit.’ However, the other three sectors agree with the principle.

## Question 12

*Figure 5.13*

**EU Legislation on packaging and waste will be the main driver for this issue in the future.**



'EU Legislation on packaging and waste will be the main driver for this issue in the future.' - was a sentiment which met with universal agreement. Throughout the interviews allusions were made to new and pending controls likely to be imposed on the industry by the government. All the companies concerned would be considered major producers of packaging waste and hence would be amongst the primary targets under any new legislation.

These attitudinal scales add further quality and depth to the views already expressed. While they do not fundamentally contradict any of the earlier findings in the interviews,

they illustrate how the experiences of certain companies has changed their thinking in this area. In almost every case, the paper tissue industry react positively to prompts suggesting that green policies can lead to increased profitability while the responses of the laundry detergents industry reflect quite the opposite view.

## **Chapter 6**

### **Conclusion and prognosis**

#### **6.1 Objective of the Chapter**

The objective of this section is to attempt to answer the research question (to seek the views of manufacturers and retailers in the laundry detergent and paper products sectors and establish whether featuring ‘green marketing’ as a central or prominent promotional theme for FMCG brands has the power to confer competitive advantage on brands in those specific markets) in a concise and direct way by taking the primary and secondary research data into account simultaneously.

The best way to accomplish this is to isolate the highlights and key points of each of the preceding Chapters in order to assemble all the major factors which affect this large and complex issue. It is important to note that the primary research in this study focuses on the manufacturing, distributive and retail trade for the two specific markets under review. These were areas which had not already been illuminated in published research unlike the area of consumer attitudes and behaviour in which a lot of work has already been undertaken.

This section will focus on the discussion rather than repetition of some of the key issues which have emerged in the earlier sections.

#### **6.2 Environment and Health**



The condition of the environment has a direct impact on the health of its inhabitants according to a WHO report published in 1999. A definition of the environmental consumer was offered (Schrum. 1995) as anyone whose purchase behaviour is influenced by environmental concerns. The link between consumerism and environmental degradation is well established. Few can doubt that a dangerous and irreversible level of damage has been committed to the earth for the sake of commercial gain. The part that business has played in the deterioration of the eco-system is acknowledged.

In fact, some commentators recognise that businesses now want to be perceived as being caring about their environment. However, the motivation for this wish is rarely ecological altruism; it is simply commercial greed. Eden (1996) says there are a number of advantages for businesses that are 'seen to be green'. A second motive, according to the literature, is often fear; fear of being found wanting by consumers and facing some discriminatory activity like a boycott as a result.

#### **6.2.1 What Consumers Say**

Four separate studies of consumer attitudes and behaviour towards the environment are reviewed. They were published in 1991 (x2), 1994 and 1998 and thus offer a representative spread of opinions as they have evolved over the decade. The findings of all four are remarkably similar with some common themes recurring. Levels of knowledge and concern for the environment are found to be strongly correlated to age, social class, educational level and income. The 1991 study (Corrigan) also included gender as a factor, with women showing higher levels of concern than men. Younger people who are well educated and have a high disposable income are found to be the most concerned group about the environment.

In the 1998 study, in which attitudes to the environment are compared with similar studies in other EU member states, it is found that awareness of environmental matters in Ireland is lower than almost all other countries surveyed.

Combined with this, the authors also concluded that the expressed concern for the environment was 'relatively superficial'. This feature of attitudes to the environment was also identified in the Lansdowne Research & Henly Centre study of 1991, where it was highlighted in a commentary about green brands that 'awareness of these brands does not equal purchase'.

A case study is reviewed for a brand called *Down to Earth*, which was launched to appeal to environmentally sensitive shoppers. Despite the timing of the launch, the positioning of the product, the imagery it used and the awareness and trial rates it generated among consumers, Down to Earth was a failure in the marketplace.

This gives further weight to the supposition that there is a wide and distinct gap between what consumers say and what they do when it comes to environmental consumerism.

### **6.2.2 Cycle of concern**

The environment is an issue with an almost unique ability to move up and down the agenda of society. Downes (1972) describes an 'issue-attention' cycle which can be summarised as having five separate stages.

- 1 Pre Problem Stage – experts concerned, public not.
- 2 Alarmed discovery and euphoric enthusiasm – public become concerned.
- 3 Realising the cost of significant progress
- 4 Gradual decline of intense public interest – public become discouraged
- 5 Post problem stage – changes to policy, opinion and organisation remain.

It could be reasonably argued that the Irish public is at stage four in the cycle at the time of writing. Like any socio-political idea, environmental concern has to adapt to fit new

circumstances. Perhaps it has to yield to make way for newer threats like BSE or Genetically Modified Organisms.

Reports made to the researcher by senior officials that the Department of the Environment or any of its agencies, (e.g. the Environmental Protection Agency) have no plans to conduct further research into consumers' attitudes to the environment, suggest that the decline in public interest in this matter is also reflected at Government level.

### **6.3 Retail and Population Issues**

#### **6.3.1 Retail Consolidation**

A predominant feature of the Irish retail market is the arrival of the UK retailers in the mid-1990s. Ireland's thriving economy and sustained economic growth has attracted many of the international retailing groups to open for business on the Irish market. The last few years has also witnessed an emerging pattern of takeovers and mergers within the grocery sector as competing chains take over rivals, buy up smaller competitors and move into international markets.

Fundamental to the issue of green consumerism is the notion that consumers have a major impact on the environment. A simple paradox is at work in the contradictory desires of consumers wanting to improve their standard of living while also wanting to protect their environment. It could be reasonably argued that there is a trade-off between consumerism and ecology and that consumerism prospers the expense of the environment. If this is the case, the increasing penetration of new and different retail chains into the Irish market will not have a favourable impact on the environment.

#### **6.3.2 Population Changes**

But significant changes in the retail market are inevitable given the considerable changes in the structure and demographics of the consumer population that they exist to serve.

Nielsen and CSO (Central Statistics Office) data show that the population is changing. The number of households is increasing (Byrne, 1999) but the average 'size' of household is declining. 46.8% of all households are now one or two person homes, an increase of 5 points (or 13%) between 1991 and 1997.

At the simplest level, the increase in smaller households in terms of the numbers of occupants and the move away from larger family units has implications for shopping and usage patterns for products with a high environmental impact. More products will have to be traded in smaller unit sizes to suit the smaller family unit. This will entail more packaging and consequently more potential for waste which will ultimately have to be managed.

The increase in smaller households is a function of a number of factors; children are leaving the parental home earlier to live on their own. Couples are increasingly cohabiting before marriage and marital breakdown leads to the establishment of two homes where previously there was only one. Also, employment prospects are higher now for young people with, according to Byrne, 1.5m people in employment in 1997 compared to only 1.1m in 1986.

The increasing numbers in employment have many implications but one in particular (Crawford, 1999) is that consumers are now 'cash rich and time poor'. This places added emphasis on convenience and flexibility when shopping. This reinforces the point that there is a trend away from bulk shopping for family and economy packs of certain products in favour of smaller packaged units of the product.

The main socio-economic changes which have become apparent in Ireland between 1993 and 1999 and which are felt to have an impact on the area under review in this study are:

- 1 Increasingly prosperous economy
- 2 Higher disposable income

- 3 Smaller family units
- 4 More households (15% more physical households than in 1986), comprised of fewer people (More washing)
- 5 Less time (hard to find time for recycling or other environmentally sensitive behaviour)
- 6 Higher expectations for performance from the products bought. Less willingness to sacrifice performance for ethical or environmental considerations.
- 7 Higher ownership of washing machines and tumble dryers. (See Table 5.1)

These trends may reasonably be argued to favour an increase in sales and consumption of the product categories specified in this study. Possibly, the most telling factor is the large increase in the number of individual households in Ireland. When this is combined with the rise in ownership of washing machines and tumble dryers, along with a lower tolerance of poor or less powerful product performance, there seems little doubt that consumers will be purchasing more of these product categories and that moreover, they may also be buying the more harsh or powerful brands, certainly when it comes to laundry detergent.

While overall population growth is modest, the increase is coming from the most affluent layer of society the 35-49 year olds. These are most likely to be households with children where, it could be reasonably put forward, that there will be a high throughput of laundry and a high penetration and usage of laundry products.

#### **6.4 European legislation on the Environment**

Five Environmental Action Programmes have been implemented by the EU since 1972. In fact, since the inception of the EU at the Treaty of Rome in 1957, active environmental concern has been at the heart of many major policy areas. The idea of sustainable

development is central to all EU environmental initiatives. In its simplest form, sustainable development is defined as development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. (World Commission on Environment and Development 1987).

The EU has played a significant role in many fundamental environmental initiatives like the Earth Summit, the Dobris Assessment and Agenda 21. Many measures have been considered to encourage business to comply with environmental best practice. Among them, Green or Energy Tax has been found to be relatively effective in the countries in which it has been introduced and the Commission is looking at extending them into more EU countries.

#### **6.4.1 European Ecolabel – The Flower**

However, the measure likely to have greater interest to the marketing community is the EU ecolabelling programme. Based on a rigorous life cycle assessment, each product which is accredited with the symbol needs to demonstrate that it is environmentally more benign than other comparable products. In creating the symbol, a flower, the intention is to give a European seal of approval to the products that carry it. It will be a positive point of reference for so-called, green consumers.

Criteria have been developed and agreed by the member states for the accreditation of twelve product categories. Interestingly, laundry detergents and paper products were among the first to be accredited on the scheme.

However, the EU system lags some way behind some of the schemes developed by the individual member states. The Blue Angel scheme in Germany was developed in 1978 and had by 1997 released environmental criteria for including 88 product groups.

#### **6.4.3 EU Legislation on Packaging Waste**

The major legislative instrument which will affect the manufacturers, distributors and retailers of the product categories under review is Directive 94/62/EC. This directive aims to reduce the overall volume of packaging as the best way of preventing unnecessary packaging waste. It is estimated (Retail News. June 1999) that only 8% of all waste in the Republic of Ireland is recycled. Landfill sites account for an estimated 92% of all municipal waste and only Greece has a worse rating in this regard within the EU. The legislation carries stringent responsibilities for manufacturers, distributors and retailers which include:

- All suppliers of packaged goods, such as retail outlets and distributors must divert for recovery the packaging waste arising on their own premises.
- All suppliers must give waste collectors a written confirmation of compliance.
- They must also register each year with the appropriate local authority and pay annual fees as well as providing a written report of the success of the initiatives undertaken in the previous year.
- Retailers must provide in-store facilities for customers to deposit and return packaging.
- They must also demonstrate a willingness to go out and collect packaging waste in cases where it is offered to them.

Companies who fail to abide by the regulations run the risk of incurring a hefty fine and/or imprisonment.

#### **6.4.4 Two ways to comply**

Companies can comply with the regulations in either of two ways. They can do so individually, whereby they put in place an elaborate system to recover and take responsibility for recycling waste. The alternative is to become a member of an approved collective scheme, which can greatly reduce the burden of compliance and can be more cost effective for individual businesses.

Repak is a non-profit making, private limited company which was set up under a voluntary agreement between industry and the Department of the Environment whose

aim is to achieve agreed targets for recycling of packaging waste in the most cost efficient way.

Joining Repak makes companies exempt from the obligations of the legislation. The only obligation with which Repak members must comply is the funding of its activities, providing data in confidence about the amount of packaging being put on the market and dealing responsibly with packaging waste on their premises.

The green dot is not an ecological symbol or an ecolabel and its use does not signify anything about the quality of the materials used in the packaging of the product bearing the symbol. All the green dot on packaging means is that for such packaging, a financial contribution has been paid to a national recovery company and that the company is complying with EU waste management regulations. The green dot is a pan-European trademark for which Repak have the franchise in Ireland.

The green dot scheme is scheduled to be introduced on January 1<sup>st</sup>, 2000. In common with other green dot licence holders in Europe, branded goods manufacturers will pay fees to Repak. Green dot fees will apply to transport and consumer packaging but the device will be carried on consumer packaging only – as obviously its purpose is to distinguish brands that carry it from brands which do not.

Irish legislation to give effect to this EU directive is enshrined in S.I. No. 328 of 1998. The Irish Government's policy statement envisages a shared partnership approach between industry, consumers and local government. The Department of the Environment is determined to reduce reliance on landfill and has documented a four tiered hierarchy of options for waste disposal in which landfill is the fourth and least preferred option.

That the Irish government is serious about the implementation of these measures is beyond doubt. In February of 1999, the Minister for the Environment officially launched *Comhar* – the National Sustainable Development Partnership. Comhar's remit includes



advising the government on Ireland's obligations under EU environment and sustainable development policy.

These new obligations will have a far reaching effect. Enquiries among the interviewees who participated in this study indicate that all have joined Repak. In fact, one of the interviewees, Michael Campbell, Director General of RGDATA (Retail Grocers & Distributive Trades Association) is also a board member of Repak. He says of joining Repak:

This may not have seemed very beneficial in 1998 when the law was not being enforced, but now that prosecutions of free-riders are taking place, companies will appreciate how valuable the Repak exemption really is.

The principle of sustainable development which underpins the Irish government's waste management strategy is a worthy aspiration. For it to be achieved, it is important that the targets for compliance are rigorously enforced. The launch of Repak and the green dot scheme is a clever way for companies to comply with the new measures without having to adhere to the strict guidelines of physically disposing of the waste they create.

## **6.5 Research Summary**

Firstly, the impact of green consumerism has pervaded all four sectors covered in this study. All sectors had experienced some impact. Indeed, for all sectors, the level of impact, however they might describe it, was sufficient to lead them to introduce new policies and programmes as a consequence.

In the course of this study evidence has been taken from several sources:

- Manufacturers of branded grocery products
- Major Multiple Retailers
- Symbol Group Grocers

- Grocery Wholesale
- Continuous Research Companies specialising in the grocery market
- The industry representing the independent retail grocer

This data has been enriched by appropriate references to the secondary sources available. The conclusion, on the basis of the evidence gathered for this study, is that Green Consumerism - of itself - does not appear to confer competitive advantage on products within the branded markets reviewed. While there would seem to be a high level of awareness and a high level of expressed intent in relation to this issue: these would not seem to be reflected by purchasing behaviour.

All sectors of retailing and manufacturing, reviewed in this survey, agree. All have picked up and many have acted upon the wave of media attention that carried this issue into the public domain but have now concluded that now the original sense of fervour has been replaced by an apparent consumer inertia on the issue. This is not an unusual pattern for socio-political issues which rise and fall on society's agenda according to the other issues competing for attention at any particular time. So, while at a general level, interest in environmental matters appears to have peaked and could even be said to be on the wane, it seems likely that a certain amount of momentum will remain and that, at some time in the future, the issue will rise to the top of the public agenda again.

#### **6.5.1 Motivation for the Introduction of Green Policies**

What became clear from the interviews was the motivation for the introduction of the new policies, particularly in the retail sector was not high moral values, or lofty ecological principles, but the expectation of pure commercial gain. Retailers seem to see themselves as essentially passive partners in the green movement. They wish to provide exactly what their consumers need. They do not wish to be seen to endorse any particular

philosophy, merely to provide their customers with what they want in an environmentally responsible way.

Superquinn expressed it well when they said,

It's not just because we're nice people - it is very much a hard-nosed business decision. If we try and do something about the environment it's because we feel it will bring customers back in the long run. It's motivated out of greed because we want those customers to shop with us in the long term.

The idea of being seen to be green for reasons of not wanting to be embarrassed by damaging publicity is documented in the literature by Eden (1996, p9) as is the philosophy of adopting green policies in order to avoid any potential product boycotts from consumers (1997, Howes, Skea and Whelan, p3). So, fear rather than altruism is a strong motivation for being green.

There is also a high risk of getting it wrong. The Tesco example of importing environmentally friendly washing powder from Canada, which it transpired, could not be used in Irish washing machines is a case in point. The laundry detergents sector also got it wrong and invested a huge amount of marketing resource in a failed attempt to convert Irish housewives to micropowders in the early 1990s. Even Spar, with their warehouse full of cotton shopping bags for the green consumer, failed to appreciate the nuances of the market.

One of the reasons why the companies have misjudged their initiatives may be that they don't appear to have made adequate attempts to segment the market. They were targeting all consumers without focussing on the specific group which were most likely to respond. Prevailing wisdom suggests these programmes should be targeted at consumers who are most likely to be 'green' e.g. women, preferably mothers aged between 35 and 44 years (McGibney, 1993). There is also strong evidence to suggest that social class or income is a determining factor, (EC Cross national study on attitudes to the Environment 1998).

A further issue, and one that overrides many of the others is that of the gap between what consumers say and what they actually do in terms of green shopping behaviour. Lever's

experience indicates that consumers are not willing to sacrifice any element of performance, nor are they willing to pay a premium for an environmentally friendly product. And yet, in surveys consumers will often declare their willingness to alter their buying habits to favour environmentally friendly brands.

The paper tissue industry was seen by all sectors in the survey to have acted in concert with green consumerism. However, the fact that it was in step with consumer expectations in terms of recycling owed more to coincidence than strategy. Recycled paper pulp is cheaper as raw material than 'virgin pulp' and had been chosen by the leading manufacturer on the basis of price alone for use in its toilet tissue. Consumers, according to the interviewees, still have reservations about using recycled paper as facial tissue or as kitchen towels. Therefore, it may be some time before consumers will accept kitchen or facial tissues which are made from recycled paper.

Finally, the idea of some physical difference in the in use characteristics of a green brand compared to a standard brand came through as important. Micropowders looked exactly the same as the bulk powder they were intended to replace. Not being able to see any difference, consumers assumed that they were identical. The introduction in 1998 of Persil tablets cleverly gets over this issue and it would already appear that their launch has been far more successful than the introduction of their forerunner – micropowders.

### **6.5.2 The truth about Irish consumers and the environment**

There is a huge disparity between what consumers say in research and what they actually do in reality and this was touched on in all the interviews. Tesco describe this phenomenon thus:

'There was a sense that the environment was an important criteria, but they won't pay for it. I'll tell you that. They will not pay for it. You've got to do everything. That's what you're told.'

Tesco 1997

Superquinn also refer to what they describe as the '*difference between expressed interest and action.*' By this they mean that consumers will always cite the environment as an issue high on their list of priorities but very few of them ever translate that expressed interest into action.

They show clear customer insight in analysing the behaviour of their customers. For instance, when asked why they stock the brand 'Ecover' (an environmentally friendly laundry detergent which is priced at three times higher than the price of ordinary powders), they explained :

'Ecover didn't work as well (as the traditional brands) and people said, well there's no point in being environmentally friendly and having dirty clothes. We stock Ecover because there's a small conscientious consumer group who like to see it there - but they don't actually buy it.'

Superquinn 1997

This point was also observed in the secondary data. The ESRI report on Peoples' Attitudes to the Environment contains the seemingly paradoxical data that:

'If recycling facilities were available, 91% say they would avail of them. This is considerably more than the 50% of those having the option being regular users.'

ESRI Report, January 1994

Similarly, Levers use lead-free petrol as an example of how consumers, while they may claim to have a selfless interest in matters environmental, have to be induced through price mechanisms to get involved with green brands in the first place.

'It's just like lead-free petrol. Lead-free petrol made little or no progress until the price was reduced. So it appears that if you want to drive an environmental issue you've got to reduce the price. Whereas the environmental brands in this market, Ecover and so on, are at a huge premium.'

Lever 1997

The example chosen by Donnelly was particularly apposite at the time (November 1997), he compared green brands to the presidential campaign of Adi Roche, the Labour candidate who was an environmentalist.

‘Green marketing just isn’t enough; you need sugar coating on the pill. Adi Roche’s campaign is a good example of how the green candidate flopped. She’s a green brand and she’s gone from a market share of nearly 40% down to 6% or 7%.’

Donnelly, AGB (formerly Lever) 1997

Tesco also make the point that some of the marketers of ‘green’ brands tried to price their products at too high a premium and this was at variance with what the customers expected.

People looked for enormous premiums for Green products and that killed them, the extra price doesn’t match the performance.

Tesco 1997

The issue of price is of particular significance. The interviewees agree that consumers were not willing to pay a premium for environmentally friendly goods, and yet the green products which were launched were all launched at price points which were considerably higher than other brands in the same category. It could be argued that the marketers of the green brands may have misjudged their pricing strategy.

Musgraves feel that the environment poses a new set of business and strategic challenges which are broader than just marketing.

‘We certainly see it as an issue for the future, definitely but not the fast car, champagne drinking - “I’ve got a Ferrari, but it uses unleaded petrol” type of scenario. It’s not that sexy an area really.

It won’t just be a marketing responsibility, I think it’s a broad business issue for the future. And it will be driven by the EU from here on.’

Musgraves

This might sound like cynicism on the part of our respondents, but there is clearly a disparity between ‘declared concern’ and real action by consumers. All respondents, from both the retail and manufacturing sector, had drawn the conclusion that this issue would not be driven by the momentum of consumer concern. Consumer concern has put the matter on the agenda of big business, but it hasn’t the commitment to drive it to the top of that agenda. The consumer interest in the issue appears to diminish if it requires that consumers pay a premium for green brands. Thus, Green brands do not appear to be capable of sustaining a premium in the markets in which they compete.

The green benefit appears to be unable to sustain a premium and its appeal is really only marginal relative to other more obvious core benefits like performance and price. The presence of a green benefit will not override the absence of any other core benefits, be it price, be it efficacy or performance. That’s absolutely key.

Donnelly - AGB

The key drivers for this issue in the Irish market are likely to be EU legislators and not Irish consumers. The significant impact of EU legislation was predicated by the interviewees and this feeling was especially evident from the attitudinal scales reproduced in the research Chapter.

### **6.5.3 Prognosis**

#### **The Future for Green Marketing In Ireland**

The evidence contained in this study leads to the inevitable conclusion that it will not be Irish consumers who lead this issue into the next millennium; it will be EU legislation on packaging waste which is implemented in Ireland.

We have reviewed ample data to confirm that there appears to be a large gap between stated intent or expressed interest and action in this area. The powerful forces of manufacturing and retailing have combined in an unsuccessful attempt to attract consumers to a newer, more environmentally friendly type of detergent.

Despite the collusion of these powerful forces, it would seem that the Irish consumer will continue to rate performance and price ahead of any environmental criteria. It would appear that the media were very successful in raising the profile of this issue: but, it is, after all, an issue to which no-one can be indifferent. Also, there is a well documented cycle of environmental concern (Downes. 1972).

Moreover, it seems that the greening of FMCG products entails some form of compromise, however slight. Either the consumer has to compromise on price, because the green brand is usually more expensive, or else the brand will fall below expectations in some aspect of performance (particularly in cleaning products where harsh cleansing agents were removed) and neither compromise would appear to be acceptable.

However, neither the manufacturing sector or the retail trade believe that the Green chapter is even approaching its conclusion. All report that they expect the momentum for compliance to, increasingly stringent, green standards, will continue to grow. The stimulus for this growth is likely change from consumer pressure in the marketplace to pressure from the Irish government and EU pressure in the form of statutory and regulatory mandates governing the disposal of packaging waste.



From the evidence collected, it would seem that concern for the environment amongst consumers was more apparent than real and, as many of the interviewees reported, their actions and purchases bear little resemblance to what they say on the matter.

Earlier this year (March 31st, 1999), Enterprise Ireland have launched a pilot project to assist Irish companies produce environmentally friendly products. Launched, by Minister for trade and Industry, Mary Harney TD, the project has set up a fund of IR£250,000 to assist Irish owned companies who manufacture products which are good for the environment.

Ms Mary Harney TD, current Tanaiste and a former Junior Minister at the Department of the Environment, quoted at a one-day conference (March 30<sup>th</sup>, 1999) entitled *Environmentally Superior Products*:

‘Products which have a reduced impact on the environment are a major business opportunity. While this is a relatively new concept, market forces and EU policy are making this a rapidly emerging business issue for Irish companies.’

Mary Harney, Tanaiste, March 1999

While the enterprise is to be applauded, it would seem from this study, that environmentally friendly brands, at least in certain markets are unlikely to achieve competitive advantage unless they can match the competitor brands both in terms of price and performance. Therefore products with a reduced impact on the environment are not automatically guaranteed competitive advantage in the markets in which they compete.

Certainly, the outcome of this study demonstrates that manufacturers, distributors and retailers for the specific markets examined were not entirely successful in their attempts to exploit the growing trend of environmental concern in the Irish market.

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# APPENDIX A

# MANUFACTURER/ DISTRIBUTOR/ AGENT QUESTIONNAIRE

## THE COMPANY

1. Which of these brands do you supply into the Republic of Ireland market? (Tick where applicable)

Tissue Products Tissues	Kitchen Roll	Facial
Kittensoft	Inversoft	Inversoft
Inversoft	Kittensoft	Andrex
Kleenex	Thick & Fast	Kleenex
Bottom Line	Kleenex	Posies
Scottonelle	Fiesta	Tempo
Andrex	Other	Own Label
Other	Own Label	
Own Label		

2. What are the individual volume and value market shares of your company's brands of washing powders in this market for the calendar year 1996?  
(Please complete table)

Brand Name	Volume Share	Value Share
Andrex		
Kleenex		
Bottom Line		
Other		

## THE MARKET

- 3a. Does your company subscribe to a continuous form of market measurement ie. panel-data for this particular market?

Yes - go to Q3b

No - go to Q4

3b. Do you have copies of market share movements over time recorded by Nielsen/AGB etc?

Yes

No - go to Q4

3c. If yes may I have access to this data?

Yes

No

4. In terms of volume trends, between 1992 and 1995, within this market, has the total market. (Please tick as appropriate).

- |                              |     |      |      |       |
|------------------------------|-----|------|------|-------|
| • Grown                      | +5% | +10% | +15% | +15%+ |
| • Declined                   | -5% | -10% | -15% | -15%+ |
| • Remained relatively static |     |      |      |       |

5. Relative to the total market's performance, how have your brands of detergents performed over the same period?

a. Growth = Market Average

b. Higher growth than total market by:

+5%	+10%	+15%	+15%+
-----	------	------	-------

c. Lower growth than total market by:

-5%	-10%	-15%	-15%+
-----	------	------	-------

6. Are they (your brands of detergents in this market) capable of a formulation or manufacturing improvement that would serve to benefit the environment eg. can they claim to be: (Tick those applicable)

Bio degradable

Recycled Paper

Vegetable based surfactants

Phosphate free

No enzymes

Not tested on animals

No optical brighteners

No perfumes/No colours

Packaging made from recycled paper/plastic

Other (Please specify) \_\_\_\_\_

## THE COMPETITION

7. Is this brand category one that is traditionally characterized by a high A:S ratio? (over 5% of sales revenue).

Yes

No

8. Does your company take ASI statistics on media spend and competitor SOV for this market?

Yes

No

## TRADE CUSTOMERS & THE CONSUMER

9. Has your company experienced any pressure to change it's products so that any adverse impact they might have on the environment may be reduced?

Yes - go to Q10

No - close - go to Q15

10. What is the source or sources of this pressure:

the retail trade

the end users, consumers

state agencies

third party pressure groups like Earthwatch/Greenpeace

Some other source? (please specify) \_\_\_\_\_

11. Has your company developed any specific environmental policies to deal with these particular demands?

Yes - go to 12

No - to to 15

**12. What specific policy did you adopt in the area of:**

(Please use extra sheet if necessary)

- Distribution \_\_\_\_\_
- Manufacturing \_\_\_\_\_
- Packaging \_\_\_\_\_
- Pricing \_\_\_\_\_
- Promotion \_\_\_\_\_
- Disposal \_\_\_\_\_
- Advertising \_\_\_\_\_
- Other please specify \_\_\_\_\_

**13. Which of the following methods have you used to communicate your policies to trade customers.**

Advertising (please specify medium used \_\_\_\_\_)

PR Campaigns

Seminars

Open days

Direct mail

Freephone number

Internet

Salesforce customer briefings

Other (please specify \_\_\_\_\_)

**14. Which of the following methods have you used to communicate your policies to end consumers?**

Consumer Advertising (please specify medium or media used. \_\_\_\_\_)

PR Campaigns

Seminars

Open Days

Direct Mail

Freephone Number

Internet

Other (please specify \_\_\_\_\_)

## THE GREEN CONSUMER ABROAD

15. Is your company part of a group with operating divisions in other major European countries.

Yes - go to Q16

No - go to Q19

16. Do you believe that your European colleagues have generally felt the impact of the green consumer lobby in?:

A more forceful way than you have here in Ireland

An equal extent to that which you have here in Ireland

Or to a lesser degree than you have here in Ireland

Don't know

17. Have they developed a response which differs substantially from the one you adopted here?

Yes (please specify \_\_\_\_\_)

No

## CLASSIFICATION OF SAMPLE

18. Has this response yielded better results?

Yes (please specify \_\_\_\_\_)

No

19. What are your company's sales of household cleaners/detergents or paper products?

	Household Cleaners	Detergents	Paper Products	Total Overall Sales
IR £				
Approx % of				



# **APPENDIX B**

# Retailer Questionnaire

## *The Green Consumer*

**1. Has the rise in environmental awareness had:**

- a) A little impact on your business
- b) A lot of impact on your business
- c) No impact at all

**If c) – go to Q14**

**2. Has your company experienced pressure to develop new policies in this area ?**

- a) Yes
- b) No

**3. What has been the main source of this pressure?**

- a) Customers
- b) Consumers
- c) Suppliers
- d) Competitors
- e) Local Community
- f) Co's Own Initiative
- g) International Affiliates
- h) Other

**If Other, please**

**specify** \_\_\_\_\_  
\_\_\_\_\_

### **Environmental Policies**

**4. Has your company implemented any specific policies in response to this pressure?**

a) Yes

b) No

**If No – go to Q13**

**5. Have you undertaken any research with your customers to establish their views in this area ?**

a) Yes

b) No

**If No – go to Q14**

**6. In terms of consumers, was there any demographic group seen as being of particular importance in relation to environmentally friendly products?**

a) Yes

b) No

**If yes, how would you describe that group?**

**If No – go to Q14**

**7. What specific environmental policies has your company implemented?  
(Please complete attached checklist)**

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**8. How have these policies/initiatives been communicated to your customers?**

a) ATL Advtg

b) PR

c) Seminars/

d) Open Days

e) In Store

***Question 8 Cont'd.***

- f) Freephone
- g) Promotions/ Club cards
- h) Newsletter
- i) Direct Mail
- j) Internet
- k) Roadshows
- l) Packaging
- m) Schools Visits/Roadshows

**9. How have you communicated your policies on the environment to your suppliers?**

- a) Buyer/Supplier Meetings
  - b) Direct Mail
  - c) Trade Advertising
  - d) Other, please  
specify \_\_\_\_\_
- 

**How successful have the Green Policies been?**

**10. Do you consider our Green Policies to have been successful?**

- a) Yes
- b) No

**11. Were there any particular Green initiatives which were more successful than others?**

- a) Yes
- b) No

**If Yes, Please give  
details:** \_\_\_\_\_

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**12. How was this success measured ?**

- a) Sales Data
  - b) Consumer Panel
  - c) Shoppers Probe
  - d) Other (please specify)
- 
- 

**13. The two major markets which will be analysed in this study are:**

*Paper Products and  
Laundry Detergents*

**are these categories of significant volume and value sales turnover for your organisation ?**

- a) Yes**

*If Yes –*

Paper Products

IR£1m

IR£1m - £3m

IR£3m - £5m

IR£5m+

Laundry Detergents

IR£1m

IR£1m - £3m

IR£3m - £5m

IR£5m+

- b) No – If No – go to Q18**

**14. Which supplier in the Paper Products market do you think has been most successful in positioning its brands to exploit the trend towards environmentally friendly products ?**

- a) Jamont
- b) Tara/MSL
- c) Allegro
- d) Other

**15. What, in particular, did they do differently (or in your view, better) ?**

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**16. Which supplier in the Laundry Detergents market do you think has been most successful in positioning its brands to exploit the trend towards environmentally friendly products?**

- a) Lever
- b) Proctor & Gamble
- c) Other

**17. What, in particular, did they do differently (or in your view, better) ?**

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### **The Competition**

**18. Which of your competitors would you consider to have managed this issue most successfully ?**

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**19. What specific initiatives did they introduce which you deem to have been most positive/appropriate/successful? (please specify the initiative and the result)**

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**20. Do you believe, over the next three years, the emphasis currently given to the environment by your customers will:**

- a) Remain about the same
- b) Begin to wane/decline
- c) Continue to grow

# APPENDIX C

Please indicate how strongly you agree or disagree with the following statements:

40 Shades of Green

**1 In a survey of the Department of the Environment, one in five people say they select certain products (in preference to others) because the label describes it as 'green' or environmentally-friendly. Is this statistic reflected in your sales figures?**

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

**2 Many companies are vulnerable to pressure from an increasingly environmentally aware public.**

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

**3 Green Brands will take an increasing share of every market.**

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

**4 Greening a brand will give it a real competitive advantage.**

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

**5 We subscribe to the view that the company and all its activities are part of the product being consumed.**

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

**6 We place an emphasis on meeting the genuine needs of consumers rather than stimulating superficial desires.**

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree



**7** *There are not enough Irish made, environmentally friendly products.*

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

**8** *This is a significant business opportunity which is being neglected by Irish companies.*

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

**9** *People like to say they care about the environment, but very few are willing to pay the extra premium required to do anything about it.*

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

**10** *Green Marketing has never really taken off in Ireland.*

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

**11** *Green marketing failed to deliver the benefit for the extra price.*

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

**12** *EU legislation on packaging and packaging waste will be the main driver for this issue in the future.*

Strongly Agree      Agree      Don't Know      Disagree      Strongly Disagree

# APPENDIX D

EU Ecolabel - The Flower.



# APPENDIX E

# The European Eco-label at a Glance

*Since 1992, the European Eco-label award scheme distinguishes products which are environmentally friendly. This booklet gives you more information about the EU Eco-label.*



## THE EUROPEAN ECO-LABEL SCHEME

The European Eco-label award scheme is a major step forward in the co-ordination of actions to promote environmentally friendly consumption. It enables European consumers to easily identify officially approved green products across the European Union, Norway, Liechtenstein and Iceland. It allows manufacturers to show and communicate to their customers that their products respect the environment.



## THE EU ECO-LABEL SEEDS

Environmental criteria are developed to cover everyday consumer goods, for example those that can be bought in supermarkets and shops, with the exception of food, drink and medicines.

The ecological criteria for the award of the European Eco-label are the result of scientific studies and extensive consultation of different economic and social actors.

They have to be approved by the Member States and the European Commission before they can be used to award the Eco-label to products.



## THE EU ECO-LABEL FLOWERS

Once the environmental criteria are adopted, a manufacturer or importer who wishes to apply for the Eco-label must contact a National Competent Body and provide proof that his products comply with the ecological criteria. His products may then bear the Eco-label and be sold and recognised throughout the European Union.



## TAKING THE EU ECO-LABEL FLOWERS HOME

As for March 1999, about 250 products have been awarded the European Eco-label. Criteria are available for fourteen different product groups, ranging from toilet paper to washing machines.



## KNOWING MORE ABOUT THE EU ECO-LABEL

How to find out which products are Eco-labelled, what are the criteria, where to apply or any other information about the scheme? Read on.



European Commission

# The European Eco-label scheme

EU-wide, volun-

*selective, transparent and consultative, officially approved, multi-criteria, independently awarded, distinctive logo*

Consumers have a major impact on the environment. The growth of world population, the use of natural resources, the production and the release of pollution, all have profound effects on the Earth and ultimately on consumers themselves.

The extent of these impacts depends on the choices each of us makes about the way to meet our needs.

Most societies want both to improve their standard of living and to protect their environment. These aims often seem contradictory.

The European Eco-label scheme, by labelling green consumer goods, aims to reconcile these contradictions.

Created in 1992 (Council Regulation n° 880/92), the scheme encourages manufacturers to design environmentally friendly products and gives consumers the means to make informed and reliable environmental choices when shopping.

Products covered by the European Eco-label are everyday consumer goods, those that can be bought in supermarkets and shops (except for food, drink and medicines, which are not covered by the scheme).

The ecological criteria require scientific assessment studies of the environmental impacts of the product for each part of its life cycle. They address energy consumption, water pollution, air pollution, waste production, sustainable forestry management and in some cases, noise or soil pollution. Additionally, they include "fitness for use" criteria.

Once the criteria are adopted by a qualified majority of Member States and the European Commission, they are valid for a period of three years. After this period, the criteria are revised and may be tightened up, depending on the market and advances in science and technology, in order to improve the environmental performance of the Eco-labelled product.

## EU-wide

The strength of the European Eco-label is its unique European dimension. It can be used throughout the 15 Member States of the European Union as well as Norway, Iceland and Liechtenstein.

## Voluntary

Manufacturers are not forced to apply for the Eco-label. It is up to them to decide, providing that their products comply with the criteria whether or not to apply.

If they choose to apply, producers of Eco-labelled products benefit from a competitive advantage.

## selective

The Eco-label is awarded only to products which have a reduced environmental impact. Therefore, the ecological criteria are set so as to allow up to 30% of the products available on the market to qualify for the Eco-label. This means that only some of the products already on shelves will qualify without needing to be modified.



# e EU Eco-label seeds



EU-wide, voluntary, selective,

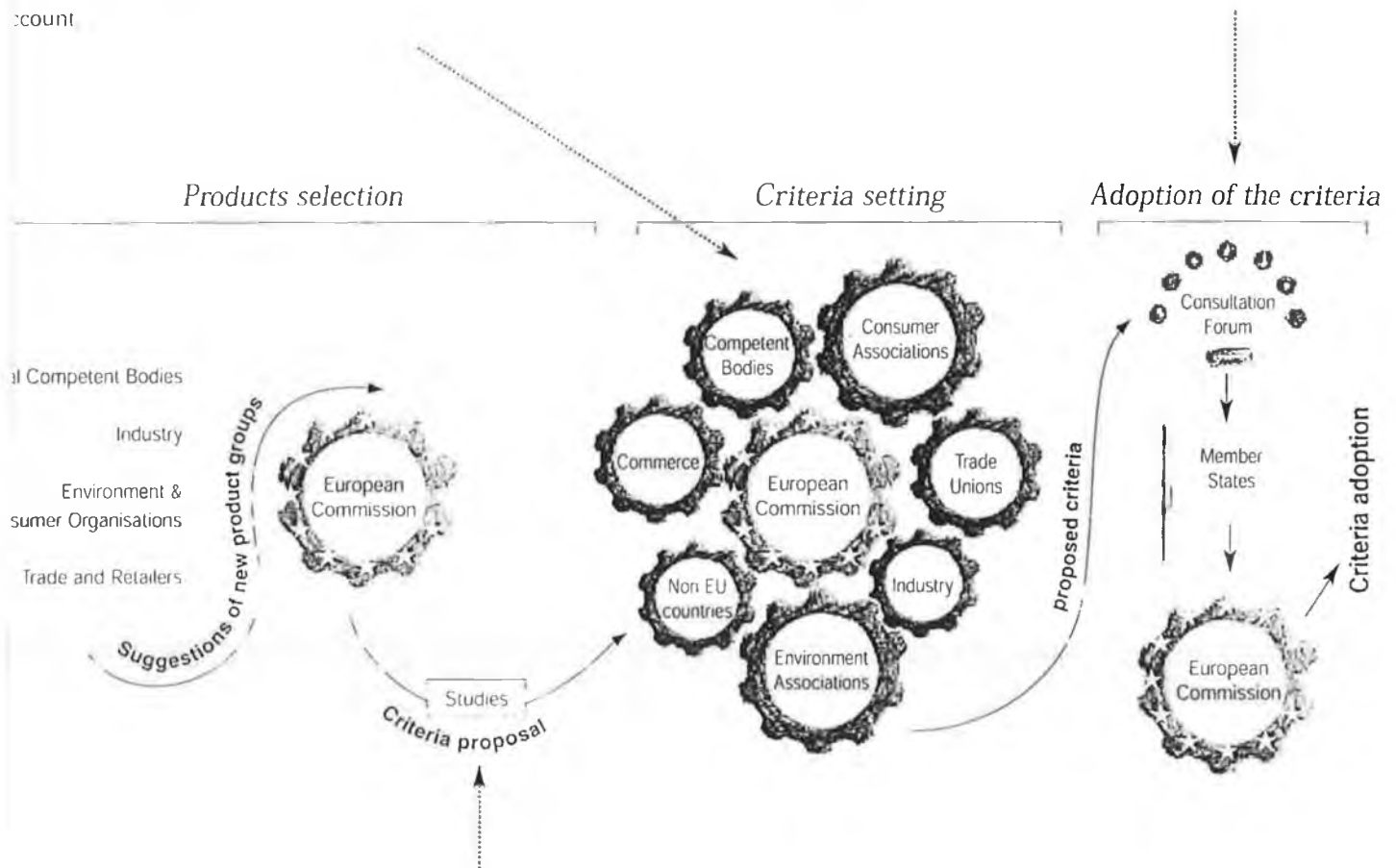
parent & consultative, officially approved, multi-criteria, independently awarded, distinctive logo

## parent and consultative

parency and widespread participation are enhanced by the considerable of representatives from industry, commerce, environmental and consumer organisations and trade unions during the definition of the ecological criteria. The views of producers outside the European Union are equally taken into account.

## Official approval of the criteria

The product group criteria must be approved by a qualified majority of Member States and the European Commission before being officially published in the Official Journal of the European Communities.



## MULTI-CRITERIA BASED, using a "cradle to grave" approach

The ecological criteria for each product group are defined using a "cradle to grave" approach (life cycle analysis) which identifies where the products harm the environment at each stage of their life cycle beginning with the extraction of raw materials (the cradle), through the manufacturing process, distribution (including packaging), use and ending with the final disposal (the grave).

Impacts on the following areas are taken into account:

the use of natural resources and energy, emissions to air, water and soil, disposal of waste, noise, effects on ecosystems.

Using the results of these analyses, criteria are set to address the most important impacts of the product on the environment.



# the EU Eco-label flowers

EU-wide, voluntary, selective, transparent  
consultative, officially approved, multi-criteria, independently awarded, distinctive logo



## Voluntary application

A manufacturer or an importer is aware that Eco-label criteria are available for his products. He wants to apply for the Eco-label to show his consumers that he is really concerned about the environment.

## Independently awarded

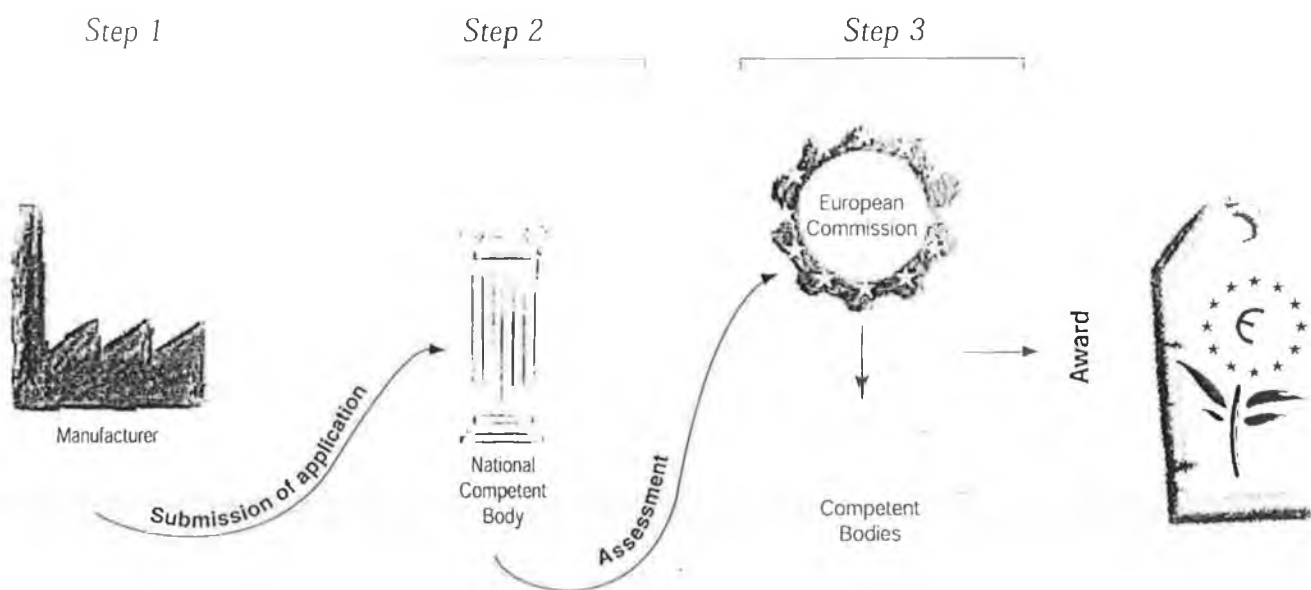
The application is assessed by an independent third party; the national Eco-label Competent Bodies which guarantees that the Eco-labelled products meet high level environmental standards.

## A distinctive logo

on all the products that have received the Eco-label



Once they are awarded the Eco-label, all the products bear the same logo wherever they come from and whatever they are. Products bearing the Eco-label will be recognised by more than 370 million consumers in Europe.



## Three steps towards the award

### Step 1

A manufacturer or importer contacts the national Competent Body in one of the countries covered by the scheme. He completes an application form, submits a non-refundable fee (500 €) and provides all the necessary details and tests to prove that his product complies with the ecological and performance criteria.

### Step 2

The national competent body assesses the application, using information provided by the manufacturer and tests results provided by independent laboratories.

### Step 3

The national Competent Body informs the European Commission that he intends to award the Eco-label to the manufacturer or importer. All the other Member States are informed.

If none raises objections, the national Competent Body awards the Eco-label.

*The whole award process should not take longer than two to three months.*

Once approved and awarded the Eco-label, the company pays an annual fee for the use of the Eco-label which is fixed at 0.15% of the annual sales volume of the product. National Competent Bodies have the discretion to vary the fee by up to 20% in either direction. Additionally, the national Competent Body can assist the producers to launch a promotional campaign. The Eco-label is then valid until the criteria expire (three years after their publication).



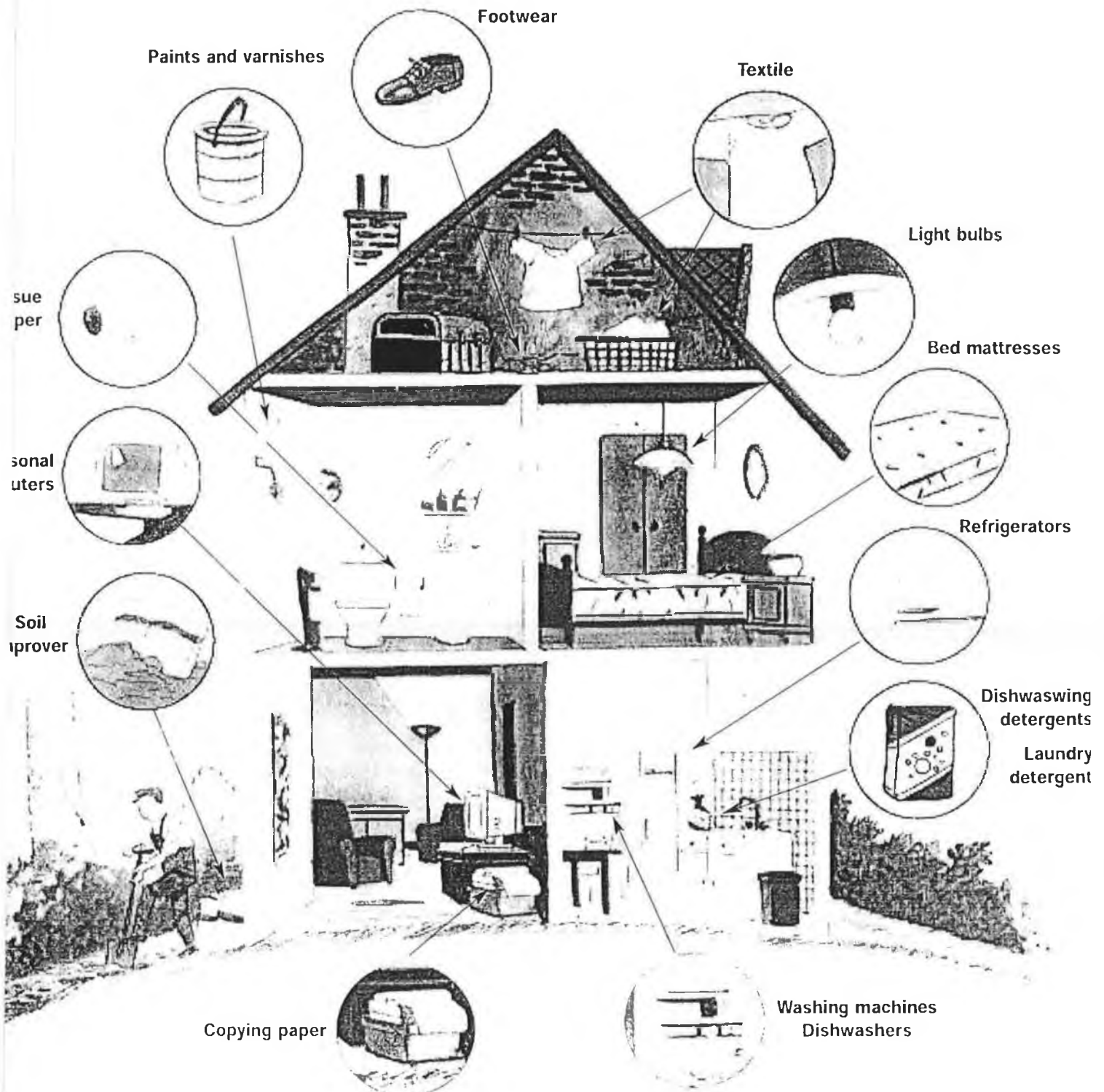


# Bringing the EU Eco-label flowers home



Since its

on, about 250 everyday products have been awarded the European Eco-label. There are 14 products groups: just  
h to equip this European house.



Label holders 1998:

Label holders 1998: