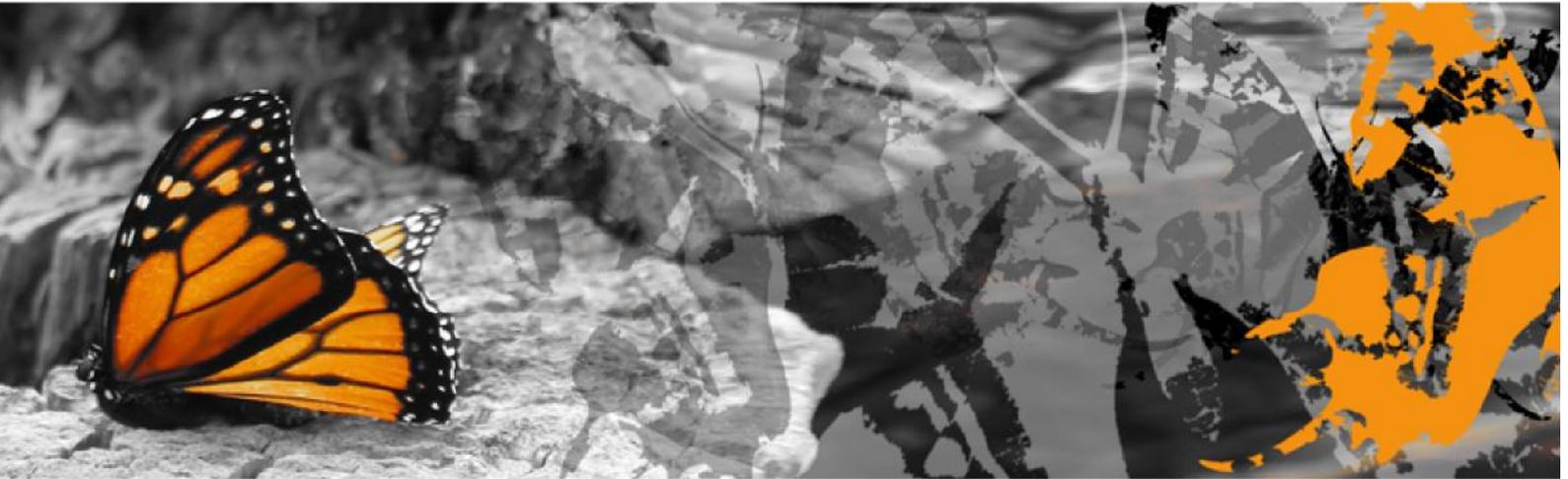




# EcoPinion

Branding Green But Seeing Red:  
Consumer Perceptions of Green Brands

Survey Report • Issue 3 • March 2008



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# EcoPinion Survey Report

## Branding Green but Seeing Red March 2008

"What's in a name? That which we call a rose, by any other name would smell as sweet"

-- Shakespeare, Romeo and Juliet (II, ii, 1-2)

### Summary

EcoAlign, a strategic marketing agency focused on energy and the environment, conducted a total of 1,000 online interviews in February 2008. The sample is balanced to match the U.S. population by age, gender, region and ethnicity.

This third EcoPinion Survey focuses on branding; how companies and utilities prove and talk about their level of environmental commitment to the consumer and, conversely, the level of awareness of consumers around these brands. The survey results provide further evidence of a green gap between consumers and brands/companies who are in the renewable and green energy space but have virtually no brand recognition. In addition, some well recognized brands spending a good amount of money in promoting sustainability or renewable energy are not receiving recognition from consumers; their message is falling flat. We also see that consumers have very clear ideas about what qualities and activities are most important to a company or corporation trying to be an environmental leader, and a better understanding of why some of the brands may be missing their mark.

Additionally, results reinforce the idea of how important a company's name really is to a brand. A rose by any other name may smell as sweet, but the current EcoPinion results indicate that companies who have an obvious connection to the space and an offering or technology in their name scored on average 10 points higher in regard to brand recognition and awareness than those that didn't.

This most recent survey also tested a series of terms ranging from "sustainability" and "social responsibility" to "going green" / "green living" in terms of familiarity and how well they summed up what society's commitment to the environment should be. Interestingly, the term "green",

which is used in all kinds of marketing campaigns today, did not fare well. Thus another gap is identified.

This green gap in consumer perceptions offers further insight into why consumers' actions don't always match their actual behavior. It illustrates more confusion in the market place, which leads to consumer paralysis. The third EcoPinion points to a real opportunity for companies to work harder on their messaging and branding in order to connect with the customers. It also offers clear direction in regard to what consumers value and find believable and how consumers rate companies in terms of their level of commitment to promoting and providing renewable energy and energy efficiency.

## Top Line Findings

1. Fifty four percent (54%) of consumers could not name, on an unaided basis, a company who supplied renewable or "green" energy. GE and BP received the most mentions, especially among 18 to 34 year olds, but only represented 4 or 5% of respondents.
2. Seventy one percent (71%) of respondents were not familiar, on an aided basis, of 10 "pure play" companies in the renewable and green energy space even though the companies tested have been favorites of investors in the space and have received a fair amount of media attention. This indicates virtually no brand recognition. The finding also points to the fact that public relations or investor relations strategies does not substitute for a marketing strategy, especially for those companies in the retail space.
3. When asked about how committed respondents thought their electric utilities are to promoting or providing renewable energy or energy efficiency, ratings were about evenly split: 31% thought not at all committed, 36% were neutral and 33% rated the commitment level 7 or higher on a 10-point scale. The 55+ group rated the utilities significantly higher.
4. Of the utilities mentioned and that garnered at least 2 percent of the overall sample (thus, the bigger utilities), Pacific Gas and Electric was rated the highest by customers in their service territory for their efforts to promote or provide renewable energy or energy efficiency, followed by Florida Power & Light (FPL) and American Electric Power.
5. Respondents were then shown a mix of 12 companies representing various industries and asked which they thought were most committed to using or providing renewable energy. GE dominated, hands down, with 81% while Toyota was second at 65%. The finding for these

companies could be attributed to effective, credible messaging and brand development that is resonating with customers, especially GE's investment in EcoImagination. Utilities were given a neutral rating with little differentiation between the companies tested. Surprisingly, companies like Caterpillar fared poorly even though a growing proportion of their core business touches directly the energy and environment market.

6. Seventy seven percent (77%) of consumers think that an energy efficient or green operations is the single most important quality of a corporation trying to be an environmental leader. On the other hand, environmental marketing and advocacy efforts were not given much credit by customers. The finding is that customers want tangible evidence that corporations are doing everything they can to be more efficient and green in their operations and buildings before being considered as an environmental leader.
7. Respondents were asked to rate their familiarity with various terms. Seventy-one percent (71%) rated their level of familiarity 8-10 with the term "energy efficiency" versus only 53% for "going green."

## Awareness of renewable/green energy suppliers

We learned in the first EcoPinion survey that consumers may be aware of terms such as energy efficiency, energy conservation and so forth, but they do not always really know or understand what the terms mean. So it is no real surprise that in the current survey that most respondents couldn't answer when asked about suppliers of renewable or green energy. In fact, when reviewing some of the verbatims, EcoAlign saw answers such as "what is renewable energy?" or even "what is green energy ... grass?"

There were no clear corporate leaders when thinking, unaided, of suppliers of renewable or green energy. BP and General Electric were the leading mentions, but only garnered four or five percent of the sample.

Interestingly enough, given the criticism that utilities often receive for not being green enough, the bulk of the companies mentioned as suppliers of renewable or green energy were various electric utilities. Utilities, in fact, have been increasing their offering and presence in regard to renewable energy due to government mandates and/ or business reasons, and consumers seem to be recognizing their efforts. Utilities long have had respectable customer satisfaction ratings and are oftentimes seen as trusted providers of energy. Utilities have and will continue to play an important role

in their customer's mind for the provision of all types of energy, including renewable or green energy.

On the other hand, another reading of the data could be that people don't understand or don't differentiate between traditional energy and how that energy is produced. In other words, consumers switch on the light, and the lights come on. How that happens and where it comes from is immaterial to them. This finding could again indicate that there is a need to make value more visible to the customer if there are green differentiators associated with how the energy is produced or delivered.

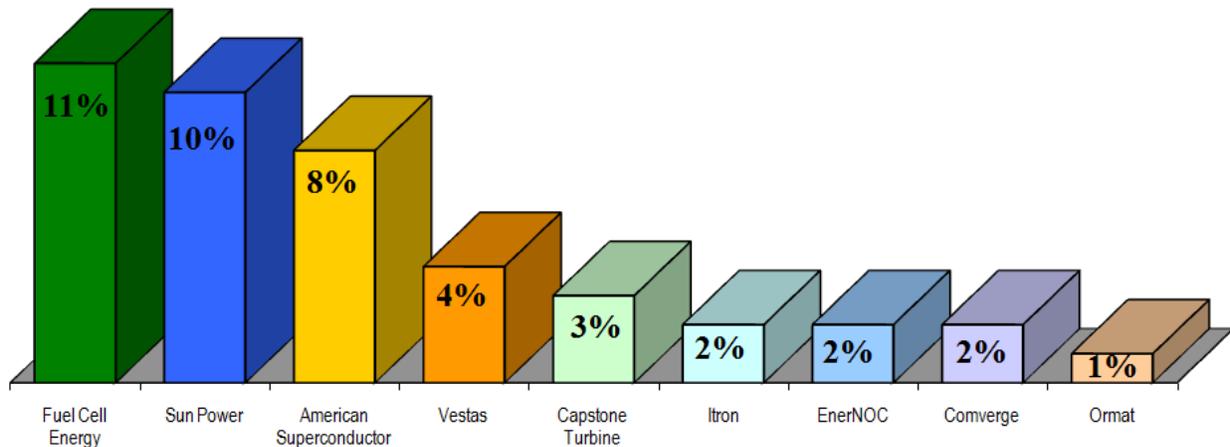
However, utilities and the rest of the companies mentioned all received one percent or less. This presents a broad challenge in that brand awareness with a green angle is very low. Where there is a challenge, there is an opportunity. Here an opportunity exists for companies to differentiate their brand in this space.

Even on an aided basis, pure play companies in the renewable and green energy space have virtually no brand recognition. Well-capitalized companies that have garnered a great deal of investor attention on Wall Street (e.g., Sun Power has a market cap of \$5.9 billion and Itron has a market cap of \$2.9 billion) recorded low brand recognition and awareness. It should be noted that many of the companies tested are B2B companies (e.g., EnerNOC and Vestas), selling to utilities, project developers or other corporations and not retail customers. However, brand matters in the long run in order to eventually expand into mass markets, to attract a premium for the offering, competitive differentiation, or even to obtain sustained investment flows. Consumers are investors too.

There seemed to be a "10-point rule" in regard to the name of the company and brand awareness. Companies that have an obvious connection to the space and an offering or technology in their name, such as Sun Edison or Fuel Cell Energy, scored on average 10 points higher in brand recognition and awareness ratings.

A note of caution needs to be stipulated. While an obvious connection in the name places the brand directly in the space, prior research has shown that there is a difference between brand awareness or understanding versus brand acceptance or customer perceptions of value. Many brands, once situated as being technology-centric, never get over that customer hurdle of value expectations. And companies that invest more and work harder to shape a brand name that has no obvious connection to the space in the beginning can be quite successful in attracting a premium for their offering in the future.

**Q2.** Which of the following companies have you heard of or are familiar with?



Males were significantly more aware of renewable or green brands than females and this was especially true among 18 to 34 year olds. It is also only one of only a few instances in which we saw a higher rate of awareness or familiarity among the younger segment. Up to this point, awareness and familiarity ratings have been higher among the 55+ segment, in this survey and in the previous ones.

The obvious finding for pure play companies is that it can be beneficial to be straightforward with the naming of the company; and for those companies who have a derived name with uncertainty around the offering, there is more work to do to shape and market the brand.

## Consumer Perceptions of Electric Utilities' Commitment to Renewable Energy/Energy Efficiency

The good news for utilities is that the bulk of the companies mentioned as suppliers of renewable or green energy were electric utilities. However, there is almost an even split among consumers rating their electric utility as committed to promoting or providing renewable or energy or energy efficiency (33%) as there are rating them not committed (31%). The remaining 36% are neutral.

The neutral group offers a nice opportunity to move the dial, since it is much easier to positively influence consumers who have no real opinion than it is to influence ones who have negative opinions.

There were some regional and demographic differences in the ratings. Significantly fewer respondents in the Northeast gave their electric utilities ratings of 8 to 10 compared to their counterparts in the other regions. And, since it's an election year, it's interesting to note that significantly more Democrats and Independents than Republicans gave top-box scores (9 or 10) in rating the commitment level of their electric utilities.

Perhaps not surprising is the fact that a significantly higher percentage of the 55+ group (29%) gave 8 to 10 ratings for their utilities than those age 35 to 54 (21%) or those age 18 to 34 (22%). We have seen in previous EcoPinion results that the 55+ group has a better grasp of energy efficiency, demand response and deregulation. Additionally, the electric utilities most likely have a residual halo effect within this segment from pre-deregulation days. Conversely, the 18 to 34 segment doesn't really know anything other than deregulation in their adult lives, and cannot really remember the energy crunch of the 1970's. There is an opportunity for electric utilities to "re-introduce" themselves to the younger segments and educate them about what they offer and how they operate.

There were a few utilities who garnered relatively high ratings for their level of commitment. Although they only represent about 2% each of the total sample, EcoAlign thought it worth noting. Thirty five percent (35%) of consumers rated PGE as committed (a score of 8 to 10), while an additional 36% gave neutral ratings (5 to 7). Twenty-nine percent (29%) gave FPL ratings of 8 to 10, and 43% were in the neutral zone. AEP had 26% of consumers rating them 8 to 10 and 35% neutral.

Again, EcoAlign sees the neutral segment as an opportunity. With some targeted marketing and educational campaigns about what the utilities are doing in terms of renewable energy and energy efficiency, consumers can be moved from the neutral zone into the positive. PG&E, FPL and AEP are doing a better job than some of their counterparts in getting their message out.

## Consumer Perceptions of Environmental Commitment

EcoAlign asked respondents which companies they thought were most committed to using or providing renewable energy. It is clear from the results that GE has done the best job by far to build brand awareness and acceptance as a provider of renewable energy. The following chart illustrates how the various companies fared.

**Q4.** Which of the following companies do you think are most committed to using or providing renewable energy?

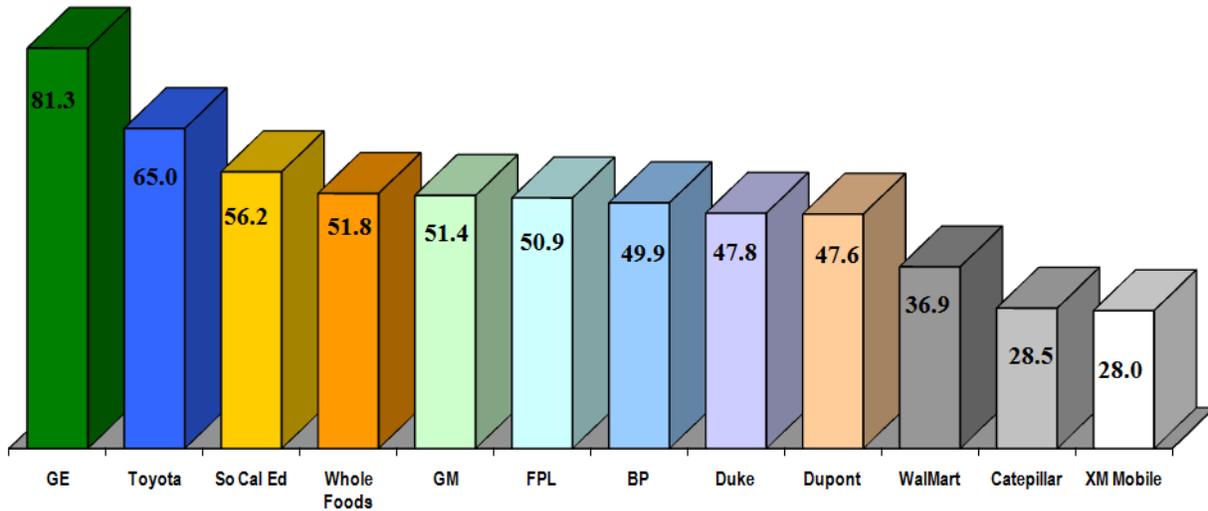


Chart displays the mean choice probability for each company. Maximum difference scaling utilities are converted in such a way to reflect the probability that a given company would be chosen on average when compared to another company.

There were some interesting differences between the age groups, genders and regions of the respondents. GE’s mean increased significantly to 83 among women, which is not surprising considering their offerings and their targeted campaigns. Toyota’s mean increased 6 points, to 71, among the 18 to 34 year olds. That is significantly higher than the other two age groups. GM and Whole Foods showed similar increases in the same age group. BP, interestingly, fared significantly better among men and respondents in the Northeast. In the political sets, Independents favored Whole Foods while Republicans favored Duke Energy.

For corporations trying to be an environmental leader, the survey results offer some interesting information. Energy efficient or green operations and energy efficient buildings are the two most important qualities overall, followed by investments in renewable energy. These attributes each had mean probability scores in the 70s. After investments, the mean drops dramatically to 54.9 for consumer education programs. The following chart illustrates what qualities consumers find most important.

**Q5.** When thinking of a corporation trying to be an environmental leader, which of the following qualities or activities are most important?

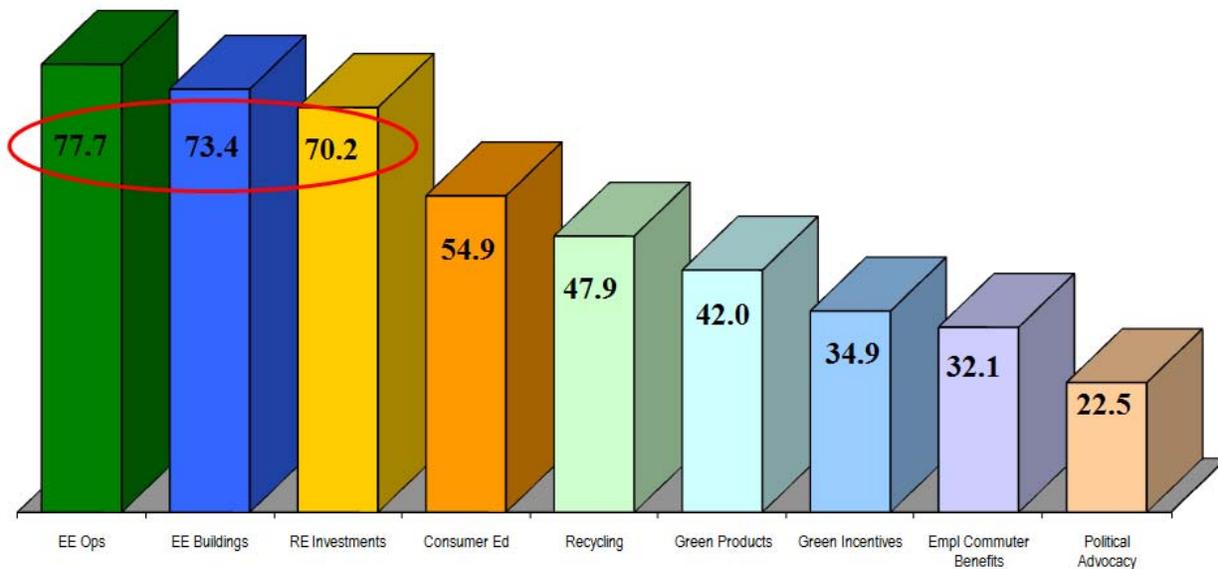


Chart displays the mean choice probability for each company. Maximum difference scaling utilities are converted in such a way to reflect the probability that a given company would be chosen on average when compared to another company.

These results illustrate that consumers have a very clear idea of what constitutes an environmental leader. Corporations need to first demonstrate commitment by making investments to their operations and buildings to be more green and efficient if they want to be seen as a true leader in terms of environmental issues. And they will have to educate consumers about their programs and their commitment. Everything else, like recycling on the premises, or offering employee commuter benefits are “nice to haves” but come after tangible evidence of their leadership through investments.

This is an interesting finding because many corporations, as evidenced by the full-page ads in major media outlets everyday, have started with political advocacy and public relations first. Consumers seem to be becoming jaded to what they see as self-serving public pronouncements and advertising, and corporations which take this approach without cleaning up their own house first seem to be more open to charges of “green washing.”

And among the 55+ segment, investments in renewable energy increases significantly over the other two age groups to a mean of 76.9. A picture is beginning to emerge of the “boomer” segment. In each EcoPinion survey, they have a better understanding of the issues at hand. They have been better able to identify steps they themselves can take to be more efficient

and seem more aware of their footprint. They are the generation that created “Earth Day” and they seem not just to “get it” but to live it.

## Believability of Public Statements

In addition to testing the awareness of brands and companies’ commitment to renewable energy, EcoAlign also tested some language currently being used by different companies and organizations for marketing and mission statements connected to the environment. Statements were chosen from a religious organization, a political candidate’s campaign, corporations in various industries and an environmental advocacy group. Respondents were asked to rate each statement in terms of its believability.

Following is a table containing the statements that were tested and the believability ratings of each.

**Q6.** Now please look at the following statements and evaluate them in terms of believability and commitment to the environment. Please rate each on a scale of 1 to 10, with 1 being not at all Believable and 10 being Extremely Believable.

Statement	← Ratings 8-10 →					
	Total	Male (A)	Female (B)	18- 34 (C)	35-54 (D)	55+ (E)
Margaret Meade once said “Never doubt that a group of thoughtful, committed citizens can change the world. Indeed, it’s the only thing that ever has.” We prove every day that ordinary people can accomplish extraordinary things.	56%	49%	63% (A)	44%	58% (C)	68% (CD)
Worshipping God. Loving His people. Caring for His creation.	41%	47%	56% (A)	40%	55% (C)	60% (C)
One of our toughest challenges as a retailer is how to continue to create value for our customers while minimizing our footprint on the environment.	43%	40%	47% (A)	39%	43%	49% (C)
Climate change isn’t just an issue that’s convenient to bring up ... it’s one of the greatest moral challenges of our generation.	42%	41%	43%	36%	41%	49% (CD)

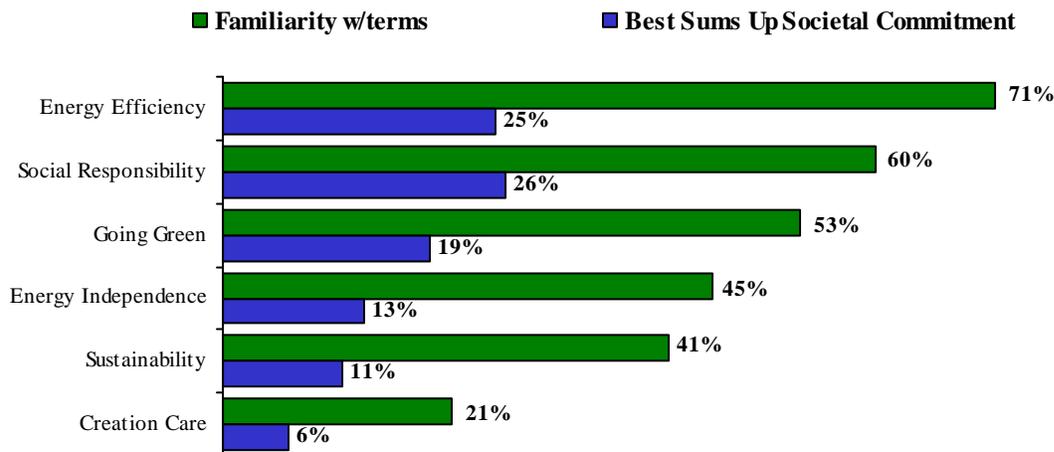
Statement	Total	Male (A)	Female (B)	18-34 (C)	35-54 (D)	55+ (E)
Many companies say that what's good for the environment can also be good for business. We have a slightly different view: What's good for business must also be good for the environment and for people everywhere in the world.	42%	37%	46% (A)	33%	41% (C)	53% (CD)
Petroleum alternatives, look to the cornfield and the woodpile.	35%	32%	37%	32%	34%	39%
Wherever we operate, we always strive to minimize the environmental impact of our actions.	30%	27%	32%	25%	29%	35% (C)

When comparing how the corporations and organizations fared in terms of believability and commitment to the environment, the statement from the environmental group ranked the highest.

Females were more likely than males to find more of the statements believable, and the 55+ group was more likely than the other two age groups to find the statements believable. Democrats and Independents rated the climate change statement significantly higher than Republicans, while the Republicans were more likely to rate the worshipping God statement higher.

What's interesting is that the statements that rate the highest are also statements that involve a moral dimension, responsibility, commitment and optimism that individuals can make a difference. This correlates with how respondents rated the qualities important for an environmental leader. While people may not understand all the terms that are used to describe the issues, they do seem to understand that in order to be committed and make a difference, there has to be real accountability and involvement.

This idea is further substantiated when we look at the familiarity ratings of the different terms tested as well as which term or phrase respondents think best sums up what should be a societal commitment to the environment. Seventy-one percent (71%) of respondents rated their level of familiarity 8-10 for Energy Efficiency and 60% for Social Responsibility. Once again, in keeping with the trend we are seeing, these percentages increase significantly in the 55+ segment. Additionally, these are the two top attributes in terms of what best sums up societal commitment.



## What Does it All Mean?

To date, the EcoPinion survey series has pointed to a green gap around messaging and communications, and that language and terminology used by companies to describe green offerings and energy efficiency are often misunderstood or not valued. The green gap clearly extends into branding as well. This edition's survey conclusions on branding are the following:

1. Brand awareness is very low in the energy and environment space, especially for pure play companies. This finding represents a challenge for consumers who are looking for renewable products and services, and an opportunity for companies seeking to fill the void. Utilities in particular have an excellent opportunity to leverage existing customer perceptions and relationships into a leadership role in the space.
2. Brands matter. General Electric and Toyota are two good examples of how established corporations have translated their efforts into competitive differentiators in the energy and environmental space.
3. To build a strong brand in the green space, corporations must first commit themselves to tangible evidence of their leadership through investments in more efficient operations and green buildings before they are truly credible in the eyes of consumers.
4. Effective green branding goes beyond mere public pronouncements and marketing, but requires a broader, demonstrable commitment to societal goals that result in measurable progress.

For more information on adding future questions to be tested, the EcoPinion subscription series or for customized survey and research efforts, please contact Dana Cogar at (703) 869-7636 or [dcogar@ecoalign.com](mailto:dcogar@ecoalign.com).

For more information on EcoAlign, visit our website at [www.ecoalign.com](http://www.ecoalign.com)

## Appendix

### Methodology:

A total of 1,000 online interviews were conducted in February 2008. The sample is balanced to match the U.S. population by age, gender, region and ethnicity. (Online sample is provided by Survey Sampling International's (SSI) SurveySpot online panel. SSI is recognized as a leading sample provider to the market research industry.)

Consumers across the nation were surveyed on their awareness of renewable and green energy suppliers, their electric utility providers, qualities necessary for an environmental leader and the believability of certain marketing statements.

Maximum Difference Analysis (Max-Diff) was used for analyzing the commitment levels of the different corporations and for the qualities most important to a company trying to be an environmental leader. The Max-Diff survey exercise is based on a measure of customer choice and trade-off, instead of typical rating scale responses. In a Max-Diff exercise, consumers evaluate multiple sets of four to six attributes. For each set, the consumer indicates both the most important item and also the least important item. Responses are analyzed using Hierarchical Bayesian techniques to derive attribute importance scores at the individual respondent level.