

Point of View



Green Initiatives – how can companies make environmental initiatives pay reputational dividends?



Ipsos Public Affairs
The Social Research and Corporate Reputation Specialists

The environment is a popular topic of conversation among corporate reputation clients. As Public Affairs researchers, we are frequently questioned by our clients about the traction (or lack thereof!) of environmental programs in boosting corporate reputation. If the environment is so important to people, why isn't it a major driver of every company's corporate reputation? The answer to this question revolves around three loci: broad issue importance, salience of the environment for a particular company's industry and image, and environmental program or message fit.

Broad Issue Importance

"Green" runs like a current through most of the developed world and is gaining importance in the developing world. However, the environment is not an immediate overriding public issue – concerns about unemployment, crime, and corruption generally outweigh environmental concerns. In fact, the importance of the environment relative to other issues has softened over the past two years as the economic crisis has deepened. (See graph below).

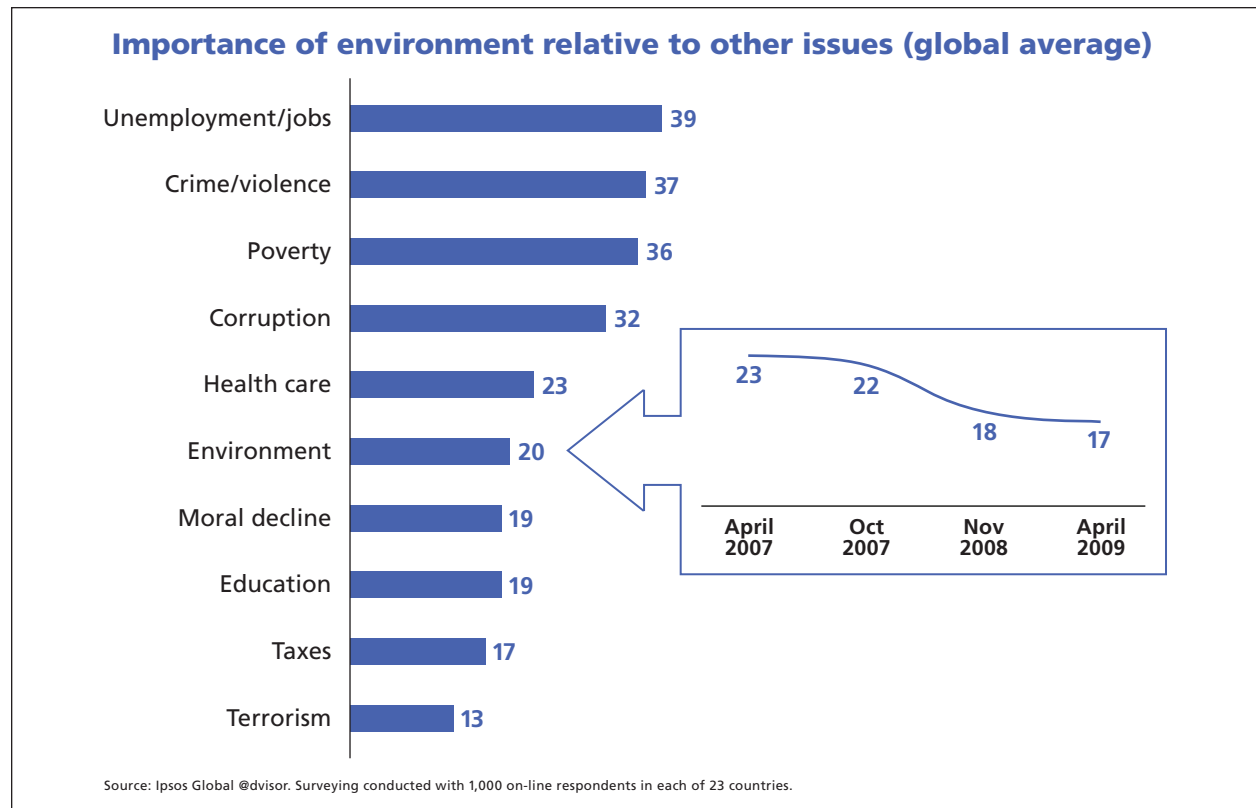
Research undertaken for our clients indicates that the environment becomes more salient for people when it is tied to personal or family concerns like clean drinking water and clean air. Also, despite the economic crisis, marketers are finding niche audiences who will act on

environmental concerns – consumers for whom "green" makes a difference to which product they buy or which company they place their trust in. We know from multiple segmentation studies that these niche audiences overlap with audiences who are important for corporate reputation. These audiences are generally well-to-do, active in their communities, and forceful about sharing their opinions with others.

The environment is also increasingly important to employees. Employee engagement on the environment is often a reason that companies engage in environmental programs. The importance of employee engagement should not be overlooked as they are an important stakeholder audience.

Salience

In each of our corporate reputation studies we conduct statistical testing to determine the extent to which attitudes towards discrete elements of reputation, including environment, contribute to overall feelings of Trust. The drivers of corporate reputation generally fall into three broad categories: core product or service, business management and ethics, and corporate social responsibility (or sustainability). In nearly all cases the strongest drivers of a company's reputation are image aspects related to the company's core product or service – including quality,



innovation, satisfaction, and value. The exceptions to the rule are companies that are deeply mired in crisis or whose core product or service is based on a sustainability message (e.g. natural or organic food companies).

Business actions that impact core product or service areas are generally beyond the control of corporate communicators and marketers. As such, we need to focus our attention on the impact of “soft” drivers like perceptions of business management or sustainability practices. Sustainability generally includes both the areas of community and environment. The influence of environmental attributes on a company’s reputation varies according to the company’s sector, but also according to their profile. The following case studies illustrate how environmental initiatives have been used to both boost reputation and do good:

Case Study 1: A Waste collection, recycling, and landfill management company

In the case of this client, the core metrics of service and value were the strongest drivers of reputation, but the environment was the strongest of the soft drivers. Over a series of tracking studies we saw the company improve their performance on the environment by proactively addressing the issue through advertising and earned media. Obviously the company’s sector has a lot to do with the environment, but their willingness to promote their commitment and actions to improve also played a pivotal role in increasing the salience of the environment, resulting in stronger overall corporate reputation scores.

Case Study 2: An Aircraft manufacturer

Similar to the previous example, transportation is a sector intrinsically tied to the environment. At the time we began working with this company they had not done much to communicate on the environment. They were unsure about the extent to which doing so would be a benefit and thus had not devoted much time to developing a relevant message. Our initial research not surprisingly revealed that over half of respondents were unable to rate the company on the environment or gave the company a neutral rating. However, qualitative research revealed that the environment had potential to play a major role in improving the company’s reputation and that not getting out in front of the issue could eventually be a drag on the company’s reputation. In this case, the environment had a tremendous potential salience that the client needed to steer rather than allowing it to emerge on its own.

Case Study 3: Consumer Packaged Goods company

In this case, the company had a series of environmental programs and wanted to leverage them to boost their reputation. They launched a campaign oriented toward water preservation. While water preservation would seem to be a good fit for a company with a substantial beverage business, and the program received some media attention, the net impact on overall reputation was negligible.

Subsequent driver analysis revealed that water preservation was not salient for their stakeholder community and that health and well-being was the dominant soft driver. The dominance of this issue, which is very much intrinsic to the company’s core products, effectively blocked any effort on other sustainability messages, including the environment. The company wanted to maintain their commitment to the environment while getting a bit more image impact. To this end we suggested that they focus on community oriented water issues which also tangentially address the dominant soft issue of health and well-being.

Message Fit

Many clients make the mistake of designing sustainability messages and programs without considering how stakeholders will relate the programs to the company and how this relationship will impact the company’s reputation overall. **Sustainability messages and programs need to be linked to the company’s core attributes otherwise stakeholders have to work too hard to make the connection and the company will not realize the full potential of their actions.**

Two campaigns that come immediately to mind where core attributes and sustainability themes have been well married are Unilever’s *The Dove Campaign for Real Beauty* (addressing self-esteem issues for young women), and P&G’s Always and Tampax brands *Protecting Futures* program (providing sanitary products and facilities for school girls in sub-Saharan Africa). Both of these campaigns featured an explicit link between the company’s core attributes and sustainability issues, making it much easier for stakeholders to appreciate the sustainability message of the company. Making this type of explicit link to a company’s core product or service also carries risks (P&G has been accused of using the *Protecting Futures* campaign to gain entry for their other brands) which need to be considered carefully against potential benefits. However, more often than not, these risks are far outweighed by the much higher ROI that is generated, because stakeholders are better able to connect the CSR activity back to the sponsoring company.

Conclusion

Clearly, reputation gains are not the only reason for companies to pursue environment or other sustainability programs. Employee involvement, pressure from NGOs, pressure from green groups, and a sense that it is “the right thing to do” are all important.

For companies wanting to improve their reputation by leveraging their environmental programs, it is critical that they:

- Ensure stakeholders can easily connect the program to the company;
- Make it relevant and relatable—it should be easy for stakeholders to see how the program connects to the company’s core attributes; and
- Consider the interconnection of environment and other salient “soft” issues, such as community.

Assessing and achieving these three points will help set your brand on the right reputation path.

Contact

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The Ipsos Public Affairs Reputation and Risk Management research team provides corporate clients and not-for-profit organizations with highly customized research that allows them to manage and build their reputation, plan, manage, and improve strategic and crisis communications, better understand their employees and audiences, and oversee stakeholder relations.

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