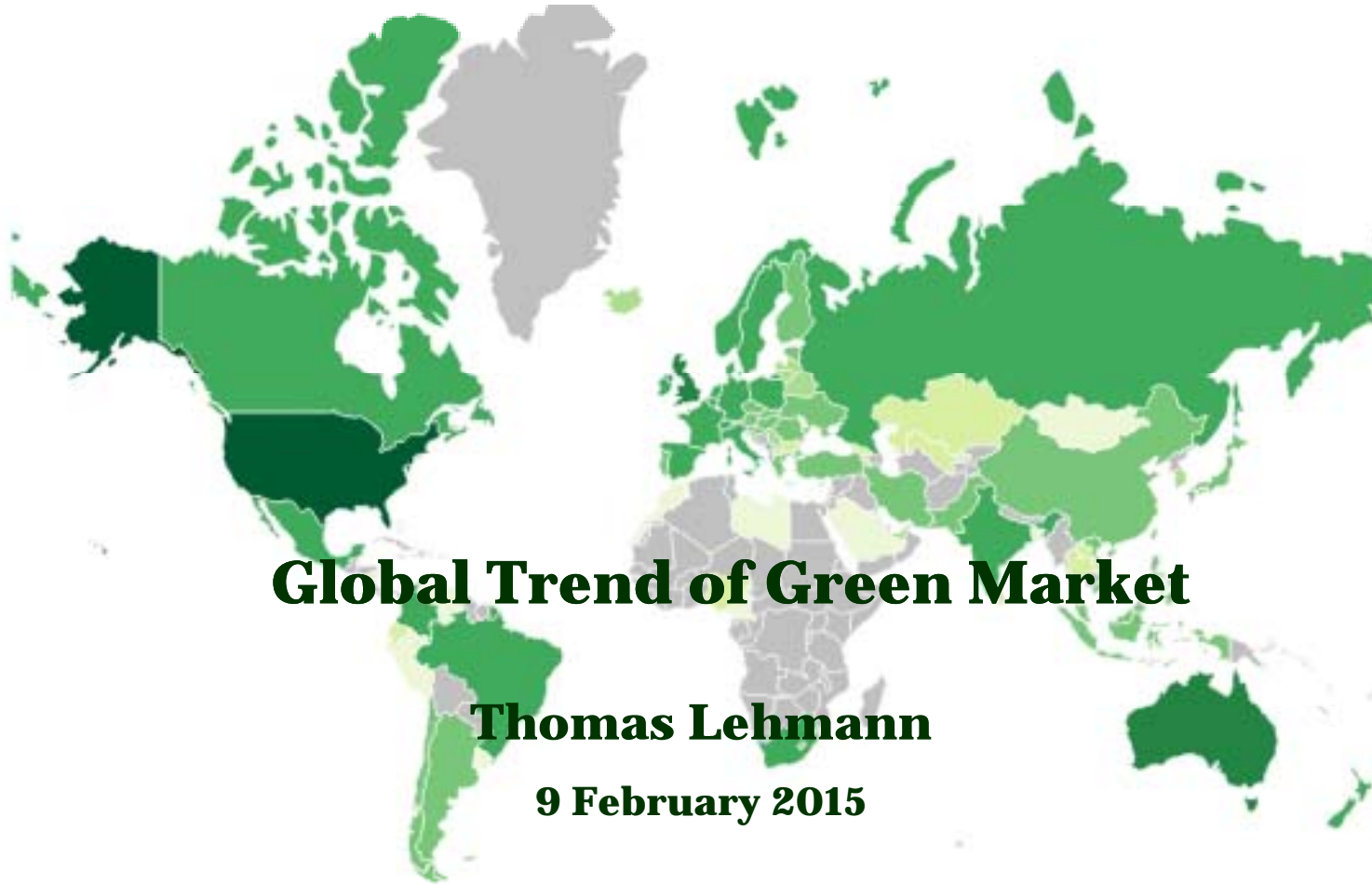




Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH



Global Trend of Green Market

Thomas Lehmann

9 February 2015



Outline



- Introduction of GIZ and SCP4LCE project
- Definition of green marketing
- Green market segmentation
- Trend of green market
- The role of eco-labels
- Conclusion



German International Cooperation (GIZ)

- Germany's leading provider of international cooperation services
- Fully owned by the Federal Republic of Germany
- Main sponsors:
 - The Federal Ministry for Economic Cooperation and Development (BMZ)
 - The Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)
- More than 16,500 staff around the globe and more than 130 countries worldwide



Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety



giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



SCP4LCE project in brief

“Sustainable Consumption and Production for Low Carbon Economy
Low-Emissions Public Procurement and Eco-labeling (SCP4LCE)”

Duration: 36 months, June 2012-June 2015

Financier: Federal Ministry for the Environment, Nature
Conservation, Building and Nuclear Safety (BMUB)

Implementing agencies:



TEI THAILAND
ENVIRONMENT
INSTITUTE



TGO

giz



SCP4LCE project in brief (cont.)

The project has 3 main work packages:

- I. Incorporating climate-relevant criteria into existing eco-labels in Thailand;
- II. Strengthening Thai climate friendly Green Public Procurement (GPP); and
- III. Regional outreach of Thai climate friendly eco-label and GPP.



Green marketing...

- A market strategy highlighting the environmental attributes of a product
- began during the 1980's with corporate social responsibility (CSR) reporting.
- the movement gained traction and evolved to become more profitable.
- It can also define broad concept which includes activities like product modification, changes in the production processes or in packaging as well



Image By: OptiLedge LLC

Example..

- IKEA replaces its shipping wooden pellets to Optiledge*



Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety



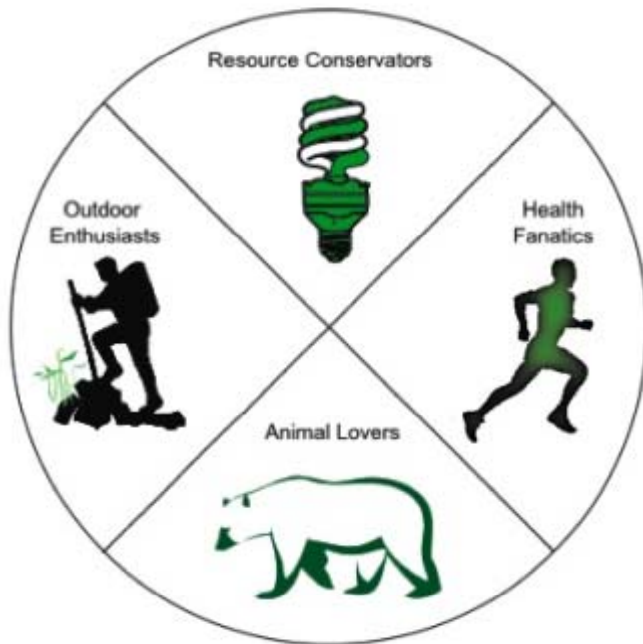
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Green Market Segmentation



An example...

Four Deep-Green Sub-Segments



Types of green consumers*

- Resource conservers
- Health fanatics
- Animal lovers
- Outdoor enthusiasts

*Source: Jacquelyn Ottman. 2010. A Smart New Way to Segment Green Consumers.
<https://hbr.org/2010/02/a-smart-way-to-segment-green-c>



Resource conservers



- hate waste, shunning over package products, use only energy efficient products

Approach by

1. Highlight the economical, long-lasting and reusability benefits of products.
2. Offer services that enable them to recycle, compost and save energy.

*Source: Jacquelyn Ottman. 2010. A Smart New Way to Segment Green Consumers.
<https://hbr.org/2010/02/a-smart-way-to-segment-green-c>



Health fanatics

- worry about overexposure to the sun, fear pesticide residue in products, buy organic food, use non-toxic cleaning products

Approach by

1. Focus on organic aspects, health benefits, trust, transparency and natural ingredients.
2. Cross-promote with organic foods companies or a non-toxic cleaning product or sponsor a website like OrganicConsumers.org, or advertise in Natural Life Magazine.



*Source: Jacquelyn Ottman. 2010. A Smart New Way to Segment Green Consumers.
<https://hbr.org/2010/02/a-smart-way-to-segment-green-c>



Animal lovers

- are likely to be vegetarian, look for products labeled as “cruelty-free”, Salmon Safe, or Dolphin-safe, seek out synthetic handbags and faux fur jackets, eschew plastic bags.

Approach by...

- 1. Conduct a cause-related marketing campaign through the group of ethical treatment of animals
- 2. Advertise in Animal Fair Magazine, or online on WWF.org.



*Source: Jacquelyn Ottman. 2010. A Smart New Way to Segment Green Consumers.
<https://hbr.org/2010/02/a-smart-way-to-segment-green-c>



Outdoor enthusiasts

- spend free time camping, have vacation in national parks, use reusable bottles to avoid littering the trail, minimize the impact of their recreational activities, look for Forest Stewardship Council (FSC) labels on their products, likely to purchase recycled products.



Approach by...

1. Conduct a joint promotion with national parks or manufacturers of boots, reusable bottles, and trail mix snacks.
2. Advertise in magazines relating with outdoor tips



*Source: Jacquelyn Ottman. 2010. A Smart New Way to Segment Green Consumers.
<https://hbr.org/2010/02/a-smart-way-to-segment-green-c>



Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety



giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Trend of Green Market



Growing demand on green products

Demand is growing fast for products that help consumers benefit the environment through reducing waste, reducing water use, reducing energy use, or generating their own power.



Furniture retailer IKEA has reported a 58 % increase in demand for its green products last year (2014) – to in excess of €1 billion.



Eco design - Innovation that meets sustainable challenges

Eco design is an approach to design of a product with special consideration for the environmental impacts of the product during its whole lifecycle.



Samsung's Origami Printer
a foldable laser printer which has a case made entirely out of recycled cardboard.

Source: <http://en.rocketnews24.com/2013/08/28/could-this-be-the-future-of-recycling-samsung-pioneers-the-way-with-a-series-of-origami-inspired-printers/>



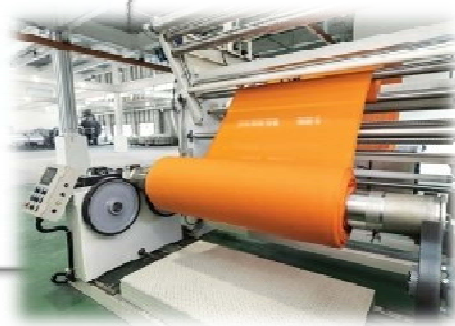
Eco design - Innovation that meets sustainable challenges



Photo: Nike

Bottle to Body

Nike is using polyester fiber from recycled plastic bottles and supercritical CO₂ water-free dyeing technology to make sportswear fabrics, as modeled by marathon world champion and Olympic medalist Abel Kirui.



Source: Chemical Engineering News Vol.92, Issue 26, pp 24-28, 30 June 2014.



Eco design - Innovation that meets sustainable challenges

Kohler – Multi functional urinal

The product has been designed to tackle water shortage and men not washing their hands after using restroom.





Green Building is a global huge market.

- Green building is the planning, construction and operation of buildings with consideration on energy use, water use, indoor environmental quality, material selection and the building's effect on its site.



Source: <http://globenewswire.com/news-release/2015/01/05/694876/10113990/en/Green-Building-Materials-Market-to-Reach-US-234-77-Billion-by-2019-Transparency-Market-Research.html#sthash.hnD0KwAy.dpuf>



Green Building is a global huge market. (cont.)

- valued US\$106.32 billion in 2012 and is expected to reach US\$234.77 billion by 2019
- driven by factors e.g. human health, government support, shift towards green building, and rising demand from construction industry.
- Asia Pacific and many regions have a high demand, and expected to be the most attractive markets for green building materials in the next few years.



Source: <http://globenewswire.com/news-release/2015/01/05/694876/10113990/en/Green-Building-Materials-Market-to-Reach-US-234-77-Billion-by-2019-Transparency-Market-Research.html#sthash.hnD0KwAy.dpuf>



Green Public Procurement - a key driver of green market



- Globally, public procurement represents between 15 - 25 % of GDP, offers a tremendous opportunity towards green innovation and sustainability.
- Examples from around the world show that sustainable public procurement has the potential to transform markets, boost the competitiveness of eco industries, save money, conserve natural resources and foster job creation.

Source: <http://www.unep.org/NEWSCENTRE/default.aspx?DocumentId=2688&ArticleId=9195>



Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety



giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

European Union (EU)

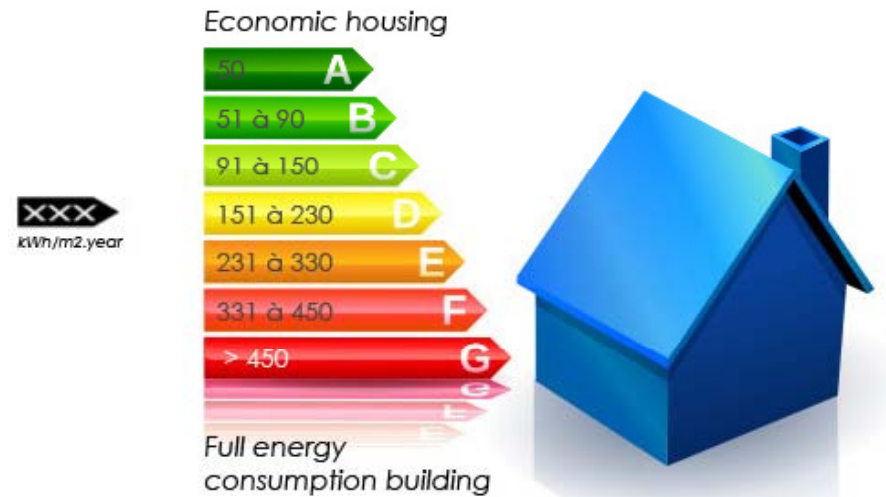


- Global companies are more active in setting up environmental target.
- Increasing green market place for exporter as supply chain.



European Union (EU)-Nearly zero-energy building

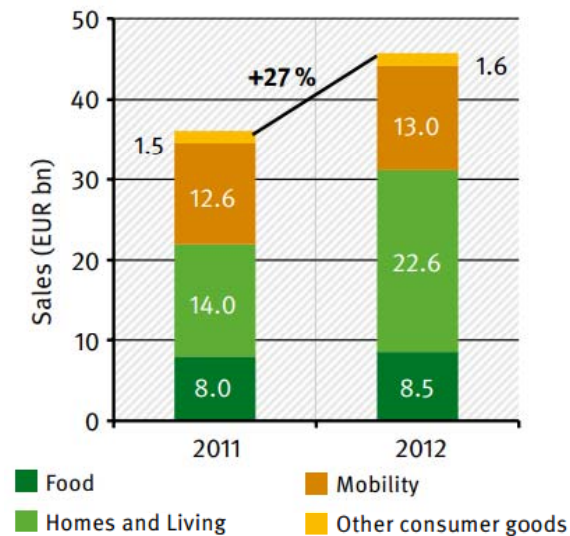
- Mandatory for new all new buildings since January 2006.
- Good opportunities for green building materials and energy related products





Germany

Sales in Germany of selected green products, 2011-2012



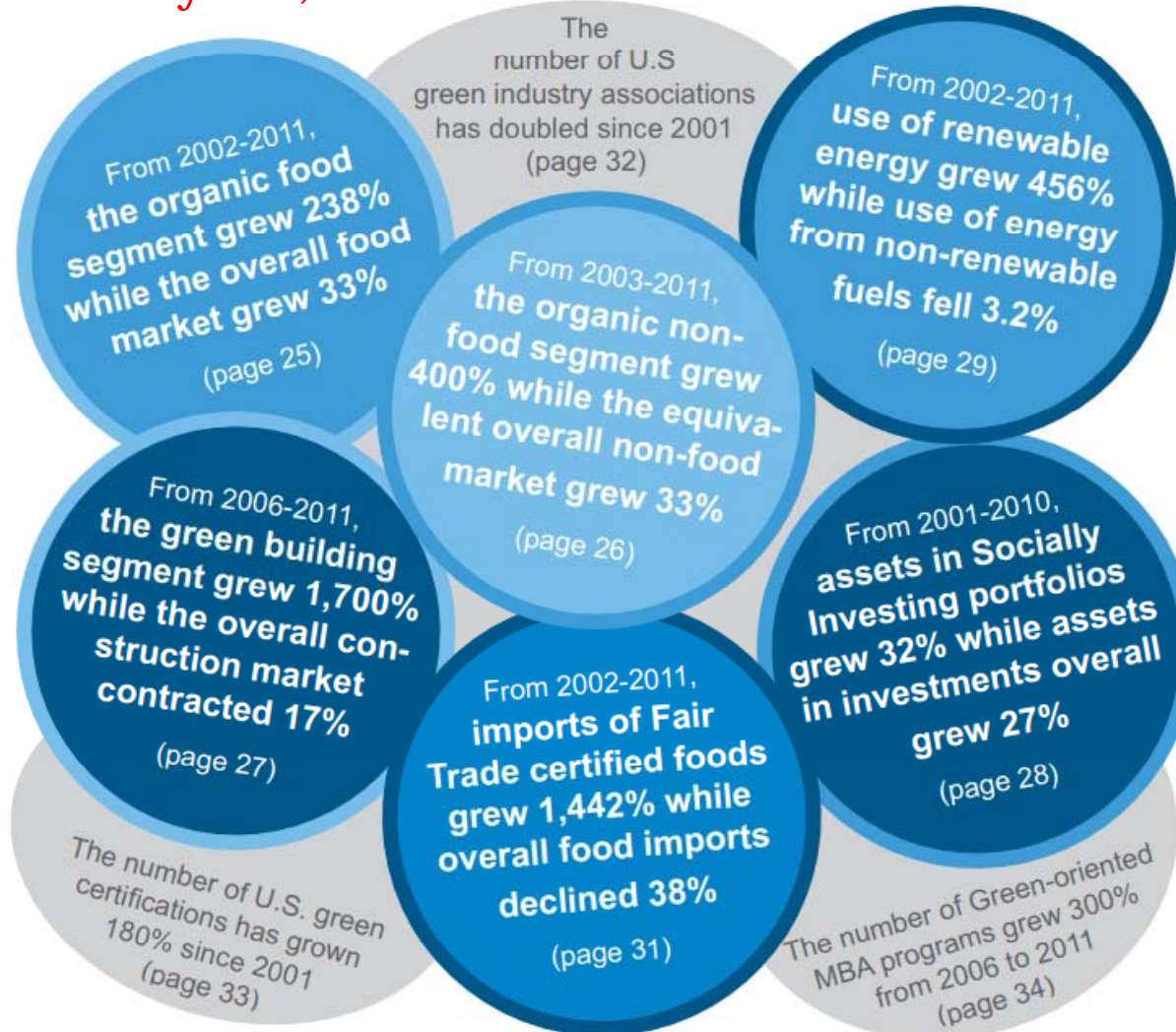
- Sales volume of green products was 27% increased.
- Energy-efficient household appliances are well on the way to becoming the norm. Particularly energy-efficient appliances are rated with an A+++ or A++ energy efficiency class.
- Market shares in 2012 stood at 50 % (refrigerators and dishwashers), 51 % (tumble dryers), 47 % (lighting) and 67 % (freezers).

Source:

http://www.umweltbundesamt.de/sites/default/files/medien/376/publikationen/green_products_in_germany_2014_status_quo_and_trends.pdf/



A survey of 1,300+ businesses in USA conducted in 2012.



“Growth rates for green business products are rising faster than conventional goods in America’s economy.”

“the greener a product, the more likely its sales increase.”



USA

- **70 % of Americans are searching for greener products and it is becoming a baseline criterion for product consideration.**
- **Over a quarter of the market rely on certifications in their identification and selection of green products,**
- **Certifications have a strong impact on product preference and price elasticity in several categories.**

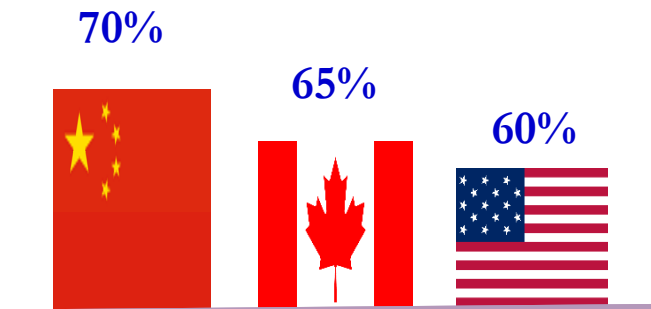


Source: Small Business Sustainability Report 2013. The big green opportunities for small business in the US.



China

- A survey of consumers in China found that
 - 47% of them understand about green household products.
 - Green products in the perception of Chinese consumers are
 - made from recycled material (84%),
 - made from renewable energy (84%),
 - use less energy to produce (76%),
 - consume less energy when use at home (76%).
 - Chinese consumers trust in environmental claims of green products than north American consumers.



Source: <http://biosciences.dupont.com/china-green-living-survey/>



China

Eco-Friendly Fashion Catches On in China

ON MAY 8 2014 | IN FASHION RETAIL | BY REDLUXURYC | WITH NO COMMENTS



<http://red-luxury.com/brands-retail/ecofriendly-fashion-catches-on-in-china-22315>

- Major global consumer of luxury goods.
- Self-image is very important.
- Luxury brands in China start promoting green products.
- Opportunities for green products that can serve their identity

Source: <http://jumpstartmag.com/in-the-news/what-trends-can-we-expect-from-china-in-2015/>



Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety



giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

The roles of eco-labels



Eco-labels

- Marketing tools for communication of environmental friendliness of products and services
- Currently, there are more than 400 eco-labels worldwide
- There are 3 types of Eco-labels according to ISO 14020





Eco-labels

- Type I: Seal of approval, compliance approval
 - Criteria in line with ISO 14024 standard
 - Life cycle consideration
 - Third party assessment and approval
 - 27 labelling programs in more than 50 countries
 - Global Ecolabelling Network (GEN)





Eco-labels

- Type II: Single attribute, producer's self declaration
 - Producers provide own standards, also eco-labels
 - ISO 14021

- Type III: Quantitative environmental impact data
 - Report on impacts during life cycle
 - Product evaluation left to consumer
 - ISO 14025

- Other types of eco-labels: e.g. energy efficiency labels, carbon footprint



Tostem Corp.

Anritsu Corp.





How can eco-labels help in promoting of green market?



- Provide customers with visible evidence of the product's desirability from an environmental perspective
- Help consumers make more informed decision.
- Used as references for green procurement.
- Stimulate market development
- Encourage continuous environmental improvement
- Be an educational role for customers, and promotes competition among manufacturers.



Benefits of using eco-labels (for companies)



- Strengthen the reliability of market claims
- Improve organization image
- Improve environmental quality
- Expand consumer market
- Stand out from the competition.



Free-flowing of goods leads to cooperation of eco-labels

- AEC is approaching.
- Many countries have their own eco-labels for the same products.
- Manufacturers have to apply for many eco-labels of the county they export to → time consuming.
- Reduction of certification cost, time, and burden of documents would benefit to export applicants.





Cooperation of type I eco labelling programs through MRA



German Blue Angel cooperating with eco-label in China



Japan Eco-mark cooperating with eco-label in China



German Blue Angel cooperating with Japan Eco-mark



Conclusion

- Green market has been continuously and rapidly growing worldwide.
- Innovation is a key motivation for outstanding green products.
- Eco-label is the tool to access green market and enhance profitability.
- Cooperation among eco-labels can ease the process and **save the cost** of the certification of national eco-labels for the same product.





Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety



giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



Thank you!