



# Innovations in Sustainable Enterprise

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Center for Sustainable Enterprise  
Kenan Institute of Private Enterprise  
Kenan-Flagler Business School  
University of North Carolina  
[www.cse.unc.edu](http://www.cse.unc.edu)

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## Featured Faculty Research

### Choosing the Right Green Marketing Strategy By Dr. Paul N. Bloom

Although green marketing has not fulfilled its initial promise, companies can take a more effective approach if they realize that a one-size-fits-all strategy does not exist for the green consumers. While green products are becoming more popular with some customer segments, they have little traction with other, much larger segments. Companies seeking higher revenues with green initiatives, then, must learn to carefully size the potential market in their industry and consider the potential to differentiate their green products from those of competitors.

How, then, should companies handle the dilemmas associated with green marketing? They must always keep in mind that consumers are unlikely to compromise on traditional product attributes, such as convenience, availability, price, quality and performance. There is a range of strategies that should work best under different market and competitive conditions.

### Green Consumer Segments

While buying green may not appeal to everyone, there are substantial numbers of consumers who are potentially receptive to a green appeal. Understanding the target consumer will help marketers to know whether greenness is an appropriate selling attribute. Marketers can segment the market based on a Roper survey into different shades of green, ranging from True Blue Greens who have strong environmental values to Grouzers and Basic Browns who are uneducated and apathetic about the environment, respectively.

*(continued next page)*



*Dr. Paul N. Bloom is a marketing professor at UNC's Kenan-Flagler Business School. Dr. Bloom teaches integrated marketing communications, nonprofit marketing, and the legal and social environment of marketing.*

## CSE & Sustainability Events

### Dec. 12-14

WRI Conference:  
"Eradicating Poverty through Profit"  
San Francisco, CA  
[more info](#)

### Feb. 17-18

Base of the Pyramid Learning  
Lab Meeting  
Ithaca, NY  
[more info](#)

### Feb. 23-24

CSE Winter Symposium &  
Advisory Board Meeting  
Chapel Hill, NC  
[more info](#)

### Feb. 25

Sustainable Enterprise Career  
Fair  
CSE/Net Impact  
Chapel Hill, NC  
[more info](#)

### May 5-6

Kenan Institute Obesity  
Reduction Partnership Workshop:  
"Helping the Food Industry Fight  
Obesity: Research Insight &  
Needs"  
Chapel Hill, NC  
[more info](#)

[link to more events](#)

**(Choosing Green Marketing Strategy, continued from page 1)**

**Choosing a Strategy**

Companies contemplating a green strategy must consider how competitors are pursuing these potential target segments. Managers must ask themselves two primary questions regarding a green marketing strategy: First, how substantial is the green consumer segment for the company? Second, can the brand or company be differentiated on the green dimension? Depending on how these questions are answered, companies should consider one of these strategies:

- **Lean Greens** try to be good corporate citizens, but they are not focused on publicizing or marketing their green initiatives. Instead, they are interested in reducing costs and improving efficiencies through pro-environmental activities, thereby creating a lower-cost competitive advantage, not a green one. An example company is Coca-Cola.
- **Defensive Greens** usually use green marketing as a precautionary measure, a response to a crisis or to a competitor's actions. They seek to enhance brand image and mitigate damage, recognizing that the green market segments are important and profitable constituencies that they cannot afford to alienate. Gap, Inc. falls into this category.
- **Shaded Greens** invest in long-term, system-wide, environmentally friendly processes that require a substantial financial and non-financial commitment. They have the capability of truly differentiating themselves on greenness, but they choose not to do so because they operate in markets in which they can make more money by stressing other attributes. Toyota implements this strategy in marketing their Prius.
- **Extreme Greens** are companies shaped by holistic philosophies and values. Environmental issues are fully integrated into the business and product life-cycle process of these firms. Examples include The Body Shop, Patagonia, and Honest Tea.

**Implementation Considerations**

Understanding where a brand or company stands on the two dimensions of 1) green market size and 2) the company's ability to differentiate requires careful research. Companies must gather data from customer records or surveys to determine where their current customers fall in the range of green consumers and determine how those consumers perceive the greenness of competitors in relation to the company's brand. They must also cultivate a corporate culture that supports the success of a green marketing strategy and then educate consumers with labels and displays to convey their environmental statement while highlighting the direct benefits of their products and brand to consumers.

**Conclusion: Fulfilling the Promise**

Consumers, shareholders, and society all stand to benefit when a company integrates environmental friendliness into its marketing strategy. Green marketing can help increase the emotional connection between consumers and brands. Being branded a green company can generate a more positive public image, which can enhance sales and increase stock prices.

While there are obvious benefits to integrating environmental friendliness into consumer marketing, there are also significant risks. There is a lot at stake for those who choose to implement green marketing strategies, including the magnitude and risk of capital investments, the rigors of compliance, and the potential for consumer backlash.

As their needs and preferences evolve, consumers will demand business practices and products that are friendly to the environment. Ultimately, the challenge lies with marketers to come up with a green solution that works for their consumers as well as their companies.

*The full version of this article appeared in the Oct. 15 issue of Sloan Management Review. Visit the <http://web.mit.edu/smr/issue/2004/fall/12/> for reprints (Reprint #46112).*

**Green Marketing Strategy Matrix**

	Low Differentiability on Greenness	High Differentiability on Greenness
Low Substantiality of Green Market Segments	<b>LEAN GREEN</b>	<b>SHADED GREEN</b>
High Substantiality of Green Market Segments	<b>DEFENSIVE GREEN</b>	<b>EXTREME GREEN</b>

**CSE Program News**

**CSE Fall Meeting**

The CSE's Fall Advisory Board meeting (Oct. 27-28) met with great success. Forty-five board members, faculty, students, and invited guests participated in the meeting, which included presentations on brownfields redevelopment, green marketing, innovation processes, and CSE research initiatives, among other topics.

**Microsoft Joins**

In October, Microsoft Corporation joined the CSE as a corporate sponsor and Advisory Board member.

**Recruiting Opportunities**

Companies/organizations are invited to interact with MBA students at the Feb. 25 Sustainable Enterprise Career Fair in Chapel Hill. To get involved, visit [www.cse.unc.edu/recruiting](http://www.cse.unc.edu/recruiting).

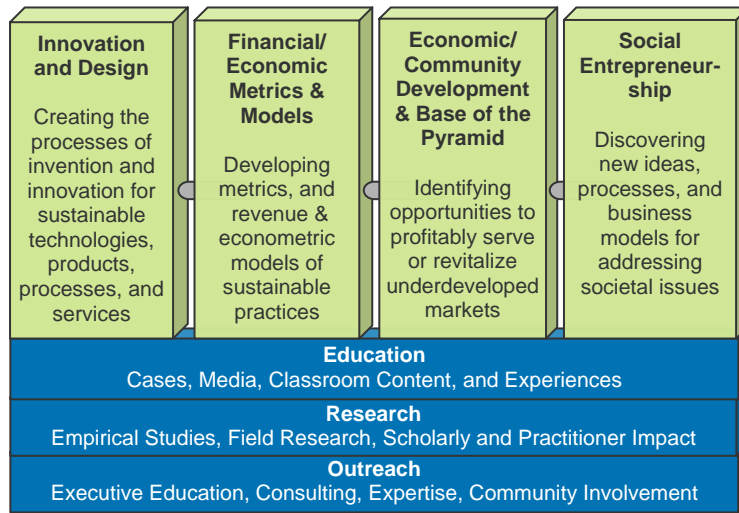
**Updated Website**

The CSE's website has been redeveloped, to include more detailed publications, resources, and events info, in addition to program objectives. Visit our new site at [www.cse.unc.edu](http://www.cse.unc.edu).

## New Strategic Vision for the CSE

At the CSE's Fall Meeting, Director Al Segars unveiled a new vision for the CSE's strategic objectives. As illustrated in the diagram below, the CSE will focus its education, research, and outreach on four key programmatic areas.

### Center for Sustainable Enterprise: Strategic Objectives



#### Innovation, Invention, and Technology Management

To achieve significant leaps in sustainability, new waves of innovation and invention will be required. Revolutions in energy, biological, chemical, and materials technologies will drive new practices in the production of goods and delivery of services. How these innovations evolve, how firms incorporate them into business, and how they impact economic/societal systems are key issues for research and drivers for advanced business practice.

#### Financial and Econometric Models of Sustainability

The business of tomorrow will also be characterized by disruptions in revenue and econometric models. As the economics of materials, energy, and labor radically shift, the revenue models that underlie the structure of many industries may become obsolete. Further, the expectations of stakeholders in terms of corporate contribution to societal and economic systems may cause many firms to revisit the assumptions underlying their business models. Understanding these shifts and their implications in terms of financial impacts is a new frontier of effective business management.

#### Economic Development and Environmental Renewal

The development of underserved markets, creation of new business opportunities, and the invention of innovative methods for the delivery of education and healthcare are central concerns of both government and business. Innovative models of environmental cleanup and development (brownfields redevelopment), product innovation in emerging markets (Base of the Pyramid strategies), and innovative delivery of services for health and education are already being proven in both domestic and international contexts. Understanding the strategic, financial, and operational aspects of these efforts and their evolution has huge impacts for the investment patterns of business and the economic incentive programs of government.

#### Social Entrepreneurship

As the problems of society grow in complexity, the need for creative and rapid solutions has become paramount. However, the ability of governments and large institutions to adapt and respond to the growing variety of societal needs is limited. Therefore, numerous organizations have been invented to fill this critical gap. The entrepreneurs behind these organizations, the underlying models of operation, and their evolution form the area of study and practice termed "social entrepreneurship". The discovery of these efforts provides key insights into leadership and can bring new creativity and models of operation to bear on the issues that challenge social systems.

## Featured Program

### CSE Consulting Program

In November 2004, the CSE launched a new program—CSE Consulting—that will leverage the expertise of Kenan-Flagler MBA students to provide fee-based sustainability consulting services to companies. CSE Consulting will offer world-class sustainability consulting to companies at relatively low fees by taking advantage of our students' unmatched expertise in the field of sustainable enterprise and utilizing staff at the CSE to manage the MBA teams efficiently.

CSE Consulting will focus on services that most directly affect corporate managers' decision-making:

- Social/environmental impact assessment
- Sustainability benchmarking
- Sustainability reporting
- Business case for sustainability
- Sustainable enterprise business planning

The team's recommendations will be grounded in rigorous business analysis and specifically framed within the firm's unique industry context—with the goal of providing actionable recommendations that address the triple bottom line: financial profitability, social equity, and ecological integrity.

Summer associates in the CSE Consulting program will be hand-picked from among Kenan-Flagler's most promising first-year MBA students. The students will benefit from supplemental training workshops before assignments begin and will work in consultation with Technical Advisors (faculty and outside experts).

For more information about the CSE Consulting program, contact:

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## Notes from the Field: UNC Faculty & Student Projects

"Choosing the Right Green Marketing Strategy" by **Jill Ginsberg** (MBA 2004) and professor **Paul Bloom** was published in the Fall 2004 issue of the MIT Sloan Management Review (excerpt featured above in this newsletter).

"Reinventing Strategies for Emerging Markets: Beyond the Transnational Model," by professor **Ted London** and Cornell professor Stuart Hart was published in the October 2004 Journal of International Business Studies.

"Communicating Crisis Through the World Wide Web: Dimensions of Corporate Responsibility and Managerial Strategy," by professor **Albert Segars** was published in the latest issue of Organization Science.

Professor **Jim Johnson** delivered the keynote address at UNC's University Day ceremony on October 12. Several local media outlets covered the event, including the News & Observer, Herald-Sun, and WRAL-TV. The speech, "People and Jobs on the Move: Implications for Higher Education" can be read [online](#).

"Vodacom's Community Cell Phones," a 2003 case study written by UNC Kenan-Flagler alumni **Brad Wood** and **Jennifer Reck** (MBA 2004) will be published in the December issue of Small Enterprise Development, an international journal of microfinance and business development. The case study can currently be read on the [CSE website](#).

As a new offering on our website, the CSE is pleased to showcase **white papers** written by Kenan-Flagler MBA students taking the Sustainable Enterprise course. The papers provide current research covering a broad range of topics in sustainability. A few of the titles posted include: "BP and Biodiversity," "Sustainable Tourism and the Cruise Line Industry," and "Micro Finance Banking." Visit the [CSE website](#) to download these titles and more.

The World Business Council for Sustainable Development (WBCSD) has published **two new case studies** from the CSE's Base of the Pyramid Learning Lab:

- o "[Partnering for mutual success: DaimlerChrysler – POEMatec Alliance](#)," prepared by **Yerina Mugica** (MBA 2004) under the direction of professor **Ted London**.
- o "[Distributed solar energy in Brazil: Fabio Rosa's approach to social entrepreneurship](#)," prepared by **Yerina Mugica** (MBA 2004) under the direction of professor **Ted London**.

The cases can be viewed at the links above or by visiting [www.wbcسد.org](http://www.wbcسد.org).

UNC Kenan-Flagler is profiled in the **new Princeton Review book**, "Best 143 Business Schools" and the MBA Program was ranked #6 for "best campus environment," #10 for "best professors," and #10 for "most family friendly." The accompanying summary of student comments about the MBA program concluded: "Even without its approach to customer service, UNC Kenan-Flagler would still be among the nation's top MBA programs, one with 'excellent entrepreneurship and real estate efforts, great strength in marketing and finance, [a] sustainable enterprise program that's the best in the country,' and a 'strong general-management focus.' "

Nov. 12 marked the groundbreaking for the new **UNC Global Education Center**, which will be part of the North Carolina High Performance Building Demonstration Program... [more info](#)

On Oct. 21, Ben & Jerry's co-founder Jerry Greenfield spoke about socially responsible business at Kenan-Flagler as part of the **Dean's Speakers Series**. The event was covered by the News & Observer and WRAL-TV's digital cable news channel.

## Sustainability in NC: Events

### Dec. 11

NC Sustainable Energy Association (NCSEA) Annual Meeting  
Chapel Hill, NC  
[more info](#)

### Dec. 14

Triangle Clean Cities Steering Committee Meeting  
RTP, NC

### Dec. 16

UNC Sustainability Coalition Meeting  
UNC, Chapel Hill, NC  
[more info](#)

### Dec. 16

Wind Power Development for Coastal North Carolina Forum  
NCSU, Raleigh, NC  
[more info](#)

### Jan. 25

Energy Efficiency Technology and Business Fair  
Enka, NC  
[more info](#)

### Feb. 10 & Mar. 10

Triad Region Sustainable Design Education Series Workshops  
Location TBD, NC  
[more info](#)

### Mar. 3-4

Global American South Conference  
UNC, Chapel Hill, NC  
[more info](#)

### Mar. 10-11

2005 NC Economic Developer Association MidWinter Conference  
Pinehurst, NC  
[more info](#)

### Jun. 12-14

Summit on the Rural South  
Point Clear, Alabama  
[more info](#)

## Sustainability News & Innovations around the World

Highlights of recent SE-related news from around the world...

The results of the **Dow Jones Sustainability Index (DJSI) 2004 Review** were released in Sept. New Market Sector Leaders on the DJSI World include Toyota, 3M, Swiss Re, P&G, Intel, Unilever, and others... [more](#)

With **Russia's ratification of the Kyoto Protocol**, the pact will come into force on Feb. 16, becoming legally binding for its 128 party countries... [more](#)

The World Bank is accepting proposals for **Development Marketplace 2005: Innovations for Livelihoods in a Sustainable Environment**, which will award \$3 million to innovative projects in areas such as clean technology and biodiversity conservation. Proposals due by Jan. 21... [more](#)

**Two North Carolina communities** were among the five winners of the EPA's 2004 National Awards for Smart Growth Achievement ... [more](#)

In Sept., the Schwab Foundation announced the selection of its **2005 Outstanding Social Entrepreneurs**. The 15 winners are founders of organizations ranging from a free eye care center in India to a company marketing fair-trade fashion in Japan and the UK... [more](#)

*BusinessWeek's* Oct. 11 special edition on "The Innovation Economy" featured several **sustainable technologies**—micro fuel cells, green roofs, wind turbines—as well as an article featuring base of the pyramid businesses in India ("Getting the Best To the Masses") and a conversation with Amory Lovins, co-author of *Natural Capitalism*... [more](#)

The WilderHill Clean Energy Index (ticker: ECO)—the **first alternative energy index** listed by the American Stock Exchange—will serve as the basis for an exchange traded fund... [more](#)

The 2004 Tech Museum Awards recognized five individuals and groups for their use of **technology to improve the human condition around the world**. The winners included a low-cost UV water purification system and GPS-driven robots that find and destroy landmines... [more](#)

The 2nd annual **Outstanding Sustainable Style Achievement Awards** ceremony will be held in L.A. in April to recognize social and environmental efforts in eight industries, including travel, entertainment, and fashion... [more](#)

Among the *Wall Street Journal's* **2004 Technology Innovation Award winners** was Toyota Motor Corp., which won for its Hybrid Synergy Drive, the newest version of the hybrid powertrain used in Toyota's Prius... [more](#)

A Penn State University team has created a **fuel cell that uses wastewater** to generate electricity—and spits out pure water in the process... [more](#)

**Starbucks** received approval in Nov. from the U.S. FDA to use recycled content in food packaging. Following testing, Starbucks expects to convert its hot beverage cups to 10% recycled material, an industry first... [more](#)

Dell, HP, and IBM announced on Oct. 21 their collaboration on a set of social responsibility standards, the **Electronics Industry Code of Conduct**... [more](#) ...Microsoft, Intel, and Cisco joined the project in Nov... [more](#)

U.S. toy company **Mattel** released its first Corporate Social Responsibility Report in Oct.... [more](#)

In Nov., **Hyperion** announced a new employee perk: a \$5,000 cash bonus to every employee who purchases a hybrid car. CEO Godfrey Sullivan said of the \$1 million program: "It really doesn't affect [our business operations], but we want our employees to be as proud of our culture as they are of our products, and this is one way to 'vote' your social responsibility."... [more](#)

## Reading & Resources

### [Social Research Analysts' Perspectives on Corporate Sustainability Reporting](#)

*Guidelines from the analyst community on how companies can enhance the usefulness & credibility of sustainability reports.*

### [GRI Reporting Guidelines](#)

*Global Reporting Initiative standards for corporate sustainability reports—used by over 600 companies.*

### [New American Dream's Institutional Purchasing Program website](#)

*Guidelines, standards, and resources for environmentally responsible purchasing decisions.*

### [Facts & Trends to 2050: Energy & Climate Change](#)

*WBCSD publication that highlights key facts and societal challenges related to economic development, future energy demand, and potential related climate impacts.*

### [2005 Fuel Economy Guide](#)

*U.S. DOE & EPA annual vehicle fuel economy report.*

### [North Carolina Green Building Technology Database](#)

*Database of NC projects that use green building techniques, strategies, and technologies.*

### [Environmentalism and the Technologies of Tomorrow](#)

*New collection of essays that examines the nature of technological change, environmental implications, and strategies for transition to a sustainable future.*

### [PwC 6th Global CEO Survey](#)

*Survey of 990 CEOs' perspectives on "Leadership, Responsibility, and Growth in Uncertain Times; including views on sustainability.*