

Why Every Online Retailer Needs To Think Green

by Sucharita Mulpuru and Douglas Roberge, December 3, 2013

KEY TAKEAWAYS

More Than Half Of US Online Adults Are Green Consumers

Forrester classified US online adults into four groups: super-green, green, yellow, and red. Super-green consumers are most likely to consider themselves to be environmentally conscious, look for energy-efficient labels, purchase organic products, and encourage friends and family to buy green.

Green Consumers Are A Valuable Segment Worth Retailers' Attention

Green consumers are more likely to buy online than their yellow and red counterparts. They are more affluent, spend more online, and make more purchases online annually. Moreover, green consumers are willing to spend more for products that align with their interests and often advocate green products and brands to family and friends.

Retailers Need To Improve Green Initiatives To Stay Ahead Of Innovative Competitors

Some 60% of the retailers we reviewed offered a corporate social responsibility report or similar online resources, but the quality of those efforts varied drastically. As innovative competitors emerge, retailers must use digital channels to provide and explain concrete data about their environmental impact to attract and retain green consumers.

Why Every Online Retailer Needs To Think Green

The “Green Consumer” Opportunity And How Retailers Can Seize It

by [Sucharita Mulpuru](#) and Douglas Roberge
with [Carrie Johnson](#), [Patti Freeman Evans](#), and Colin Campbell

WHY READ THIS REPORT

Retailers have been dancing around green initiatives for years, but consumer demand has finally put green retail on the main stage. In addition to their obvious positive (or, at least, less damaging) environmental impact, green initiatives present a significant opportunity for retailers to gain market share by attracting and retaining high-value online green customers, to create brand advocates, and to drive innovation. This report helps eBusiness professionals in retail understand the role of digital touchpoints in promoting green initiatives and aims to help them better understand “green consumers” and the ways to meaningfully engage with them. In addition, this report outlines what green initiatives the biggest online retailers are currently undertaking and where they are falling short. Forrester partnered with Green Edge, an environmentally focused consultancy, to create this report.

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Related Research Documents

[Corporate Sustainability Will Depend On IT Solutions](#)

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CONSUMER DEMAND HAS PUT GREEN RETAIL ON THE MAIN STAGE

Now that more than half of US online consumers consider the environmental impact of their purchases, demand for “green” products and services has finally reached a tipping point — and retailers can’t afford to leave “green retail” on the back burner. But what is green retail? It is based on a simple principle: Everything we need for ongoing success and well-being is linked to our natural environment.¹ If online and offline retailers alike aren’t well-versed in the importance of sustainable and environmentally friendly (or “green”) products and services, they must catch up — quickly. Green retail initiatives attract and retain high-value customers and drive innovation.² And some retailers are already reaping the rewards of these initiatives:

- **Kingfisher sold £2.1 billion of green products in 2012.** Kingfisher, a UK home improvement company that owns B&Q and Screwfix, was able to tap into customer demand for a sustainable business and products by selling verified green products.³ In 2012, these green products accounted for more than 20% of Kingfisher’s total sales — or £2.1 billion. While Kingfisher’s total sales increased by only 2% from 2011 to 2012, green product sales grew by almost 50% in the same time frame.⁴
- **Electric delivery trucks save Staples and Coca-Cola money.** Office supply giant Staples, in partnership with MIT, found that although an electric delivery truck cost almost \$100,000 more than the standard diesel delivery truck, it cost 9% to 12% less to run and would pay for itself (and then some) over the course of standard operations.⁵ Coca-Cola is seeing similar cost benefits with its new fleet of electric trucks.⁶

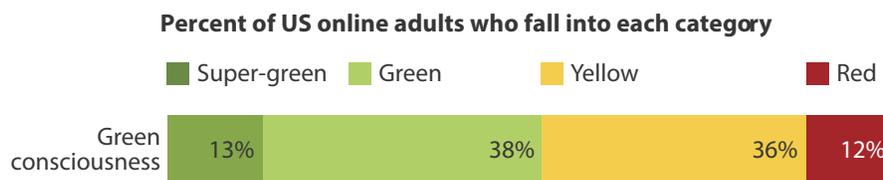
Consumers Reveal Varying Shades Of Greenness

To better understand the green consumer opportunity, Forrester used its Consumer Technographics® data to separate US online adults into four groups based on their levels of agreement with five attitudinal statements.⁷ The maximum possible score was 25, while the lowest was just 5. The four categories are (see Figure 1):

- **Super-green (21 to 25 points).** Thirteen percent of US online consumers fall into this most environmentally conscious group. Super-green consumers score more than 21 points on Forrester’s green spectrum, which means they awarded a score of 5 (strongly agree) to at least four of the five attitudinal questions. These online consumers are most likely to consider themselves to be environmentally aware, to look for energy-efficient labels, to purchase organic products, to be informed about the products they buy, and to encourage friends and family to buy green. They expect retailers to reduce environmental damage, and they want more sustainable products. Super-green consumers are most likely to be online shoppers and spend, on average, more than double that of their red and yellow counterparts over a three-month period.

- **Green (16 to 20 points).** This is the largest group, representing 38% of the US online population. Green consumers are slightly less interested in buying green products than super-green consumers. Seventy-nine percent of green consumers shop online, and they spend, on average, \$452 online every three months, making them a valuable customer segment for online retailers.⁸
- **Yellow (11 to 15 points).** Yellow consumers are the second-largest group, making up 36% of the US online population. For the most part, this segment contains middle-of-the-road consumers: They largely neither agree nor disagree with the attitudinal questions used in the analysis, and they are not likely to buy green products and services. In fact, yellow consumers are less likely to buy online at all; they fall below the US average in terms of the percent that shops online as well as the average online spend in a three-month period.
- **Red (5 to 10 points).** The remaining 12% of the US online population are red consumers. They primarily gave scores of 1 (strongly disagree) or 2 (disagree) for our five attitudinal questions. Red consumers show very few environmental concerns; sustainable products or packaging don't sway them; and they rarely purchase organic foods or look for energy-efficient labels. Typically less affluent than their green counterparts, red consumers are also the least likely to shop online and have the lowest overall spend. Not surprisingly, price is one of the biggest purchase drivers for this group, with a majority agreeing that price is more important than brand name.⁹

Figure 1 Green Consumers Make Up Just Over 50% Of US Online Adults



Base: 4,476 US online adults (18+)
(percentages do not total 100 because of rounding)

Source: North American Technographics® Retail Online Benchmark Recontact Survey, 2013

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Source: Forrester Research, Inc.

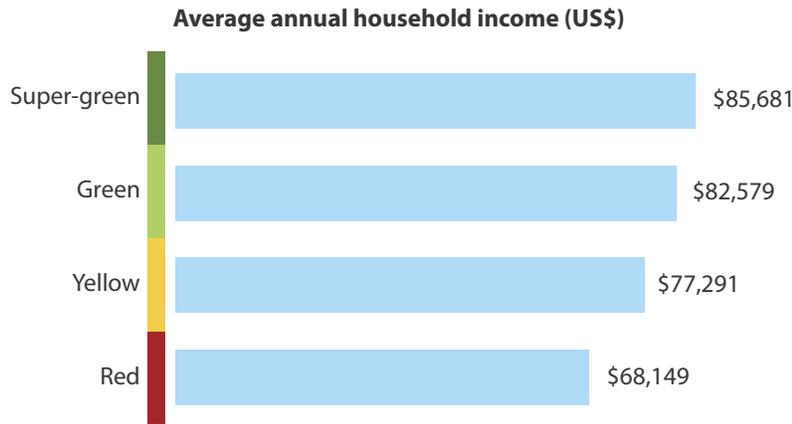
Green Consumers Are Worth More — If You Can Win Them

As news of climate change and pollution challenges bombards consumers almost daily, it's not surprising that more than 50% of today's US online adults fall into the super-green or green categories. These two groups are interested or very interested in buying green products or buying from brands that engage in green initiatives, such as supply chain transparency or carbon reporting. This translates to roughly 90 million people in the US alone.¹⁰ Our review of green consumers — those that fell into the super-green or green categories — revealed that they (see Figure 2):

- **Are a high-spending consumer segment.** Some 79% of green and super-green US online adults say they have purchased a product online in the past three months; they spend more online than the average US online adult. They are also more affluent than their yellow and red peers.¹¹ Super-green consumers are the biggest opportunity for online retailers, as they're more likely than the other segments and the average US online adult to buy via most channels, including mobile, making them what Forrester calls "super buyers"; they make an average of nearly 40 online purchases per year, compared with the US online adult average of 27.
- **Are willing to spend more for green products.** Thirty-eight percent of green consumers agree that they'd be willing to spend more for products that are consistent with an image they like; this skyrockets to 63% of super-greens.¹² Many consumers across the green segments would be willing to pay more for green products and spend more with companies that support green initiatives that align with their environmental concerns. To win these high-spending consumers, retailers must help them "green-check" products and companies. They can do this via links to third-party apps like the GoodGuide, a product-comparison tool that rates products based upon their environmental impact, and online guides like Greenopia and Climate Courts that help these consumers make informed choices. Even better, retailers can help capture green wallet share by offering transparency and delivering that information to the consumer directly through their own websites and apps.
- **Are skeptical about green marketing and will do their research.** With the onslaught of green marketing initiatives and perceptions of "green washing," green consumers have become wary of retailers' claims about the environmental friendliness of their products.¹³ Furthermore, green and super-green consumers do their homework; 60% of green consumers and 95% of super-green consumers like to be informed about the products they buy.¹⁴ Keeping language and metrics straightforward, factual, and tangible, such as the percentage of recycled or recyclable materials used in the product, and avoiding vague terms such as "greener" and "earth-friendly" will resonate more with these consumers. Apparel brand Timberland has embedded green standards initiatives into its organizational structure and processes: Its cross-functional green team reviews and approves all green messaging, similar to a legal claims review, to make sure it can stand by its claims.¹⁵
- **Advocate for green brands and products.** Not only are green and super-green consumers willing to pay more for green products, but they are also very likely to recommend green products or brands to family and friends. Some 43% of green consumers agree that they encourage family and friends to buy environmentally friendly products, while an astounding 95% of super-green consumers share that sentiment.¹⁶ Retailers can use positive word of mouth to their advantage by having customers share green purchases with their social networks. In general, word of mouth is a powerful tool and when it's digitized — through online communities, social networking, and message boards, for example — its reach is expanded and its effect is amplified. Forrester has found that personal interactions via online communities, blogs, and social media sites like Facebook, Pinterest, and Twitter are effective ways to drive online sales of new brands, products, or services.¹⁷

Figure 2 Green Consumers Are A Valuable Segment

2-1 Green and super-green consumers are affluent



Base: 4,476 US online adults (18+)

2-2 Green consumers are more likely to regularly buy products online

Super buyers

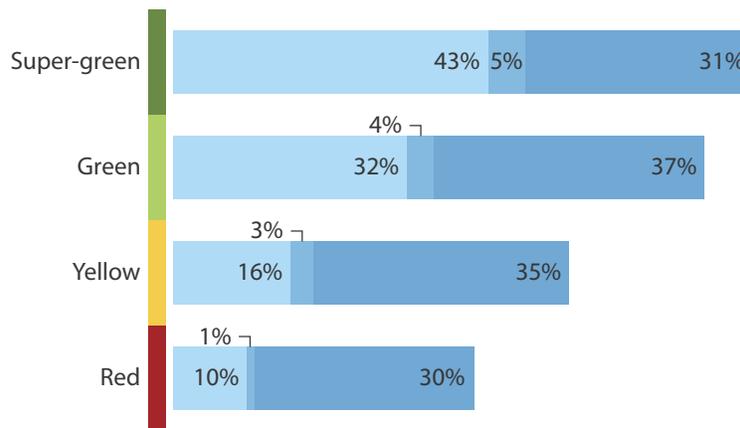
Those who regularly buy online through traditional devices and mobile devices — desktop and/or laptop and mobile phone and/or tablet

Mobile device buyers

Those who only regularly buy online through mobile devices — mobile phone and/or tablet

Traditional web buyers

Those who only regularly buy online through traditional devices — desktop or laptop



Base: 4,476 US online adults (18+)

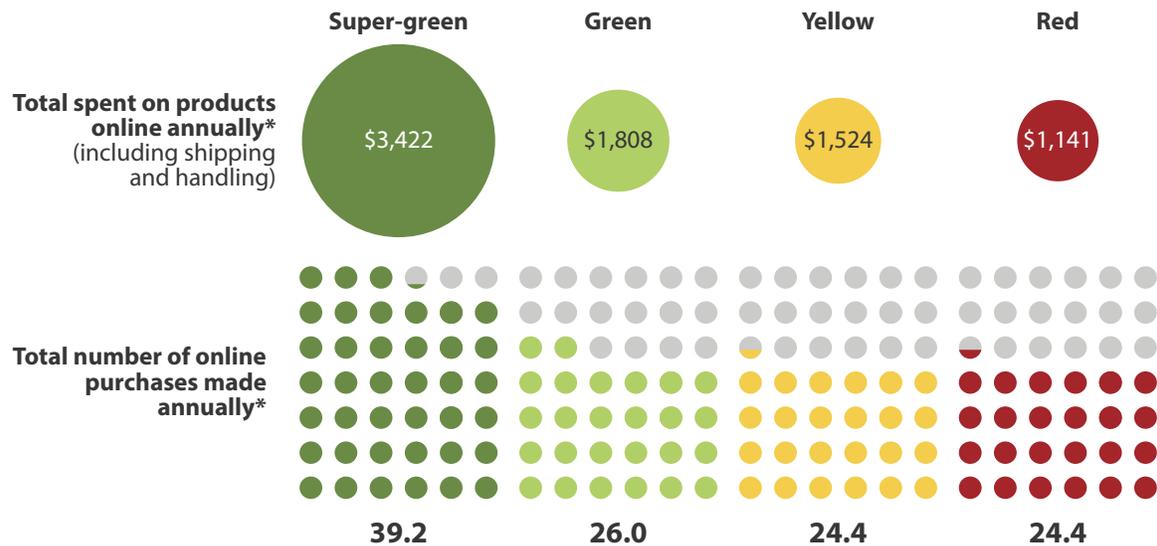
Source: North American Technographics® Retail Online Benchmark Recontact Survey, 2013

105141

Source: Forrester Research, Inc.

Figure 2 Green Consumers Are A Valuable Segment (Cont.)

2-3 Green consumers also buy more frequently and spend more online



Base: 4,476 US online adults (18+)

Source: North American Technographics® Retail Online Benchmark Recontact Survey, Q2 2013 (US)
 *Estimates are based on consumer-reported activity over the past three months.

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Source: Forrester Research, Inc.

ONLINE AND MULTICHANNEL RETAILERS NEED TO STEP UP THEIR GREEN GAME

The sustainability challenges that retailers most often face relate to resource consumption (energy, water, and waste) in every aspect of their operations, including product development, sourcing and supply chain management, distribution, and corporate logistics. While online retailers are as likely as their offline counterparts to offer green products these days, they are much less likely to explain what that ambiguous designation means. Although online retailers are insulated from sustainability concerns related to physical retail stores, most of the environmental impact occurs in the supply chain — so they are not exempt.¹⁸

For this report, Forrester evaluated the websites and corporate social responsibility (CSR) reports of 57 online-only retailers, multichannel retailers, and manufacturers. We evaluated each company to see if it had a CSR report or a similar online resource that was no more than three years old (2010 or more current), included detailed information about what the retailer is doing to reduce its environmental impact, and quantified the results. We found that (see Figure 3):

- **More than half of retailers offer a CSR report, but the quality varies.** Sixty percent of the retailers we reviewed offered a CSR report from 2010 or more recently. But these reports varied drastically in terms of quality and level of detail. Best Buy provided a detailed, quantified analysis of the green initiatives it has accomplished so far and highlighted its ongoing goals — such as 100% of private-label brands to have right-sized packaging and to collect 1 billion pounds of e-waste in the US. Many other retailers failed to provide actionable goals or time frames and were littered (pun intended) with phrases and words like “continued efforts” and “improving” without any detail to back up what progress had been made and how they achieved it.

Ellen Sinreich, founder and president of Green Edge, a firm dedicated to sustainability strategy and carbon-footprint reduction, says: “What is important is whether the company has established, and is reporting, finite, quantifiable goals for managing down those aspects of its operations that contribute to carbon emissions and overall environmental impact; the steps they are taking to reach those goals; and the extent to which those goals have been achieved or surpassed. Moreover, a company can’t reduce what it doesn’t measure, making detailed measurement a critical component of the sustainability challenge facing retailers.”

- **Detailed explanations aren’t common.** CSR reports and green products often offer “feel-good” information, such as a company-sponsored event to plant trees or provide eco-friendly labels, rather than quantified information. Of the retailers we reviewed, only 54% offered detailed information on energy and water consumption, waste sent to landfills, and carbon emissions.¹⁹ Timberland not only releases this detailed information on corporate initiatives but also offers data visualizers on its website to show consumers its sustainability goals, its current progress, as well as a detailed breakdown of the materials used for its products (see Figure 4).
- **Online-only retailers lag behind their multichannel counterparts.** Online-only retailers offer little information to address the green and super-green consumer segments. Of the online-only retailers we reviewed, only 18% offered a CSR report — 51 percentage points less than multichannel retailers. Very few of the online-only retailers we reviewed provided quantifiable details around key sustainability issues like water and energy use, waste generated, and product composition.

Figure 3 A Majority Of Retailers Offer CSR Reports, But The Level Of Detail Varies

Retailer	Have current CSR report (2010 or more recent)	Year	Reports on . . . (yes/no)					Carbon disclosure project
			Energy	Electricity	Waste	Water	Carbon	
Online retailers (pure play)								
Amazon.com	No	~	No	No	No	No	No	No
Liberty Interactive	No	~	No	No	No	No	No	No
Netflix	No	~	No	No	No	No	No	No
CDW	No	~	No	No	No	No	No	No
Newegg	No	~	No	No	No	No	No	No
HSN	No	~	No	No	No	No	No	No
Overstock.com	Yes	2011	Yes	No	Yes	Yes	Yes	No
Buy.com	Yes	2012	No	Yes	No	No	No	No
Wayfair	No	~	No	No	No	No	No	No
eBay Inc.	No	~	Yes	Yes	Yes	Yes	Yes	No
Zappos.com	No	~	No	No	No	No	No	No
Online-only % reporting	18%		18%	18%	18%	18%	18%	0%
Multichannel and food								
Wal-Mart	Yes	2012	Yes	Yes	Yes	Yes	Yes	Yes
Target	Yes	2011	Yes	Yes	Yes	Yes	Yes	Yes
Home Depot	Yes	2011	Yes	Yes	Yes	Yes	Yes	Yes
Kroger	Yes	2012	Yes	Yes	Yes	Yes	Yes	No
Costco	No	2009	No	No	No	No	No	Yes
Walgreens	Yes	2012	Yes	Yes	Yes	No	Yes	No
CVS.com	Yes	2012	Yes	Yes	Yes	Yes	Yes	Yes
Lowe's	Yes	2012	No	No	No	No	No	No
Best Buy	Yes	2012	No	Yes	Yes	No	No	Yes
Safeway	Yes	2012	No	Yes	Yes	Yes	No	Yes

Source: Forrester Research US Retailer Corporate Social Responsibility WebTrack (Q1 2013), N = 57 (retail sites, US)

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Source: Forrester Research, Inc.

Figure 3 A Majority Of Retailers Offer CSR Reports, But The Level Of Detail Varies (Cont.)

Retailer	Have current CSR report (2010 or more recent)	Year	Reports on . . . (yes/no)					Carbon disclosure project
			Energy	Electricity	Waste	Water	Carbon	
Multichannel and food								
McDonald's	Yes	2011	No	Yes	No	No	No	No
Sears Brands	No	~	No	No	No	No	No	No
Supervalu	Yes	2011	No	No	Yes	No	Yes	Yes
Publix	Yes	2011	Yes	No	Yes	No	Yes	No
Macy's	Yes	2012	Yes	Yes	Yes	No	Yes	Yes
Staples	Yes	2011	Yes	Yes	Yes	Yes	Yes	Yes
Rite Aid	No	~	No	Yes	No	No	No	No
Ahold USA/ Royal Ahold	Yes	2011	Yes	Yes	Yes	Yes	Yes	Yes
Delhaize America	Yes	2010	Yes	Yes	Yes	Yes	Yes	Yes
Kohl's	Yes	2011	Yes	Yes	Yes	Yes	Yes	No
Apple	Yes	2011	No	No	No	No	Yes	No
TJX	Yes	2011	Yes	Yes	Yes	Yes	Yes	Yes
J.C. Penney	Yes	2011	Yes	Yes	Yes	Yes	Yes	Yes`
OfficeMax	Yes	2010	Yes	Yes	No	No	Yes	No
True Value	No	~	No	No	No	No	No	No
Yum Brands	Yes	2010	Yes	Yes	Yes	Yes	Yes	Yes
Office Depot	Yes	2011	Yes	No	Yes	No	Yes	Yes
H-E-B	No	~	No	No	No	No	No	No
Toys R Us	No	~	No	No	No	No	No	No
L.L. Bean	No	~	Yes	Yes	Yes	No	Yes	No
Redcats	No	~	No	No	No	No	No	No
Amway	No	~	No	No	No	No	No	Yes
Nordstrom	Yes	2011	No	No	No	No	Yes	No

Source: Forrester Research US Retailer Corporate Social Responsibility WebTrack (Q1 2013), N = 57 (retail sites, US)

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Source: Forrester Research, Inc.

Figure 3 A Majority Of Retailers Offer CSR Reports, But The Level Of Detail Varies (Cont.)

Retailer	Have current CSR report (2010 or more recent)	Year	Reports on ... (yes/no)					Carbon disclosure project
			Energy	Electricity	Waste	Water	Carbon	
Multichannel and food								
Barnes & Noble	No	~	No	No	No	No	No	No
Gap	Yes	2012	Yes	Yes	Yes	Yes	Yes	Yes
Williams-Sonoma	Yes	2011	No	No	No	No	Yes	No
Systemax	No	~	No	No	No	No	No	No
Victoria's Secret	No	~	Yes	Yes	Yes	Yes	Yes	Yes
W.W. Grainger	Yes	2012	No	No	Yes	No	Yes	No
Ann Taylor	No	2011	Yes	No	Yes	No	Yes	No
Ikea Systems	Yes	2011	Yes	Yes	Yes	Yes	Yes	No
Tiffany	Yes	2011	No	No	No	No	Yes	Yes
Multichannel % reporting:	69%		52%	55%	60%	38%	67%	48%
Manufacturers								
Apple	Yes	2011	No	No	No	No	Yes	No
Meijer.com	No	~	No	No	No	No	No	No
Sony	Yes	2011	Yes	Yes	Yes	Yes	Yes	Yes
HP	Yes	2012	Yes	Yes	Yes	Yes	Yes	Yes
Dell	Yes	2012	Yes	Yes	Yes	Yes	Yes	Yes
Manufacturers % reporting:	80%		60%	60%	60%	60%	80%	60%
Total % reporting on:	60%		47%	49%	53%	37%	58%	40%

Source: Forrester Research US Retailer Corporate Social Responsibility WebTrack (Q1 2013), N = 57 (retail sites, US)

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Source: Forrester Research, Inc.

Figure 4 Timberland's Green Initiatives Are Best-In-Class

4-1 Timberland visualizes environmental data on its website



Source: Timberland website

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Source: Forrester Research, Inc.

Figure 4 Timberland's Green Initiatives Are Best-In-Class (Cont.)

4-2 Timberland provides detailed information on the materials used for its products



Source: Timberland website

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Source: Forrester Research, Inc.

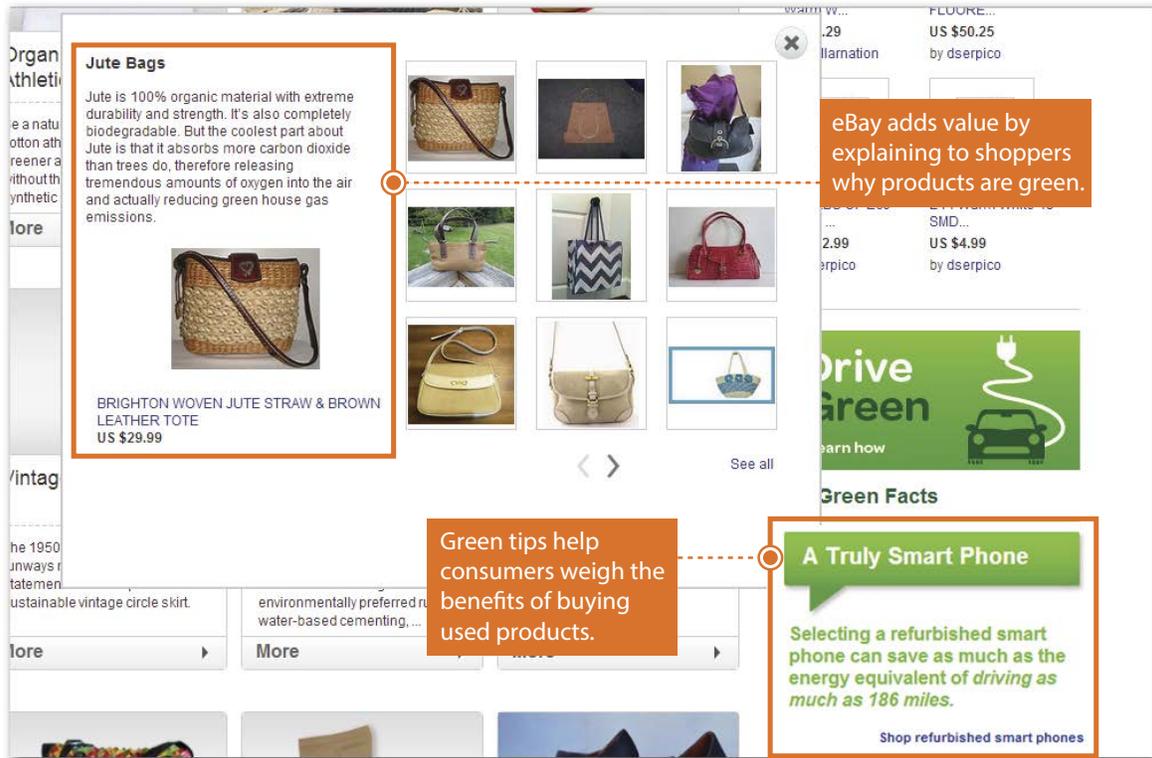
Competition For The Green Consumer Has Evolved

As awareness of green consumers and the opportunity they bring grows, many new businesses have sprung up, vying to capture wallet share. While each of these niche players may have a different mission, such as empowering local artists or limiting new product production, the result is the same: They are targeting and wooing valuable consumers. While the business models below are new and largely unproven, retailers should be aware of these players as they are developing innovative ways to attract green and super-green consumers. Some of the more notable examples include websites that promote (see Figure 5):

- **Green marketplaces.** Online shoppers now have a direct line to craftspeople and curated vintage shops all over the world. Innovative marketplaces like Etsy are connecting consumers directly with artisans that design and build a product, removing the guesswork of how it was made and what it was made from. Users of the site can search for artists or designers who use organic or reclaimed materials, vintage clothing shops, or homemade foods. eBay launched a green version of its website (green.eBay.com) that displays only used or sustainably produced products from eBay's main website. eBay takes it a step further by explaining the benefits of buying used items, describing what makes the new products offered sustainable, and providing tips to help users reduce their impact in other ways, such as zero-waste lunches and greener product alternatives.
- **Product swapping.** These websites allow online consumers to swap products with other members rather than buying new ones. As this "new to you" movement has become more popular, a number of swapping-based websites have emerged. One is [thredUP](http://thredUP.com), which leverages the classic consignment model and allows users to buy used baby clothes and some women's apparel online at steep discounts. After they're done, they can send the items back to [thredUP](http://thredUP.com), which inspects and appraises the clothing and pays the user 40% of the resale value upfront. Other examples of product-swapping websites include [Little Black Bag](http://LittleBlackBag.com) and Swapstyle.Com. The growth in popularity of swapping sites as well as other services like Lyft, a ride-sharing service, and Airbnb, a community marketplace for travel, is an indication that some consumers are shifting their buying patterns to greener, cost-effective alternatives that maximize the use of existing goods and resources rather than consuming and purchasing new ones.
- **"Upcycling."** While less popular than green marketplaces and product swapping, upcycling describes products that, while not necessarily green or recyclable, have been made by converting old or discarded materials into something new and useful. Website [Hipcycle](http://Hipcycle.com) offers exclusive products that have been upcycled. Hipcycle not only reduces the amount of waste sent to landfill by purchasing materials like scrap wood, e-waste, and used fire hose, among others, for its products, but it also saves energy by not fully recycling the materials. The standard recycling process breaks down materials, which requires energy and water, whereas upcycling just requires a little ingenuity.

Figure 5 Emerging Green Businesses Are Innovating To Provide Value To Green Consumers

5-1 eBay's green site explains how and why products are green



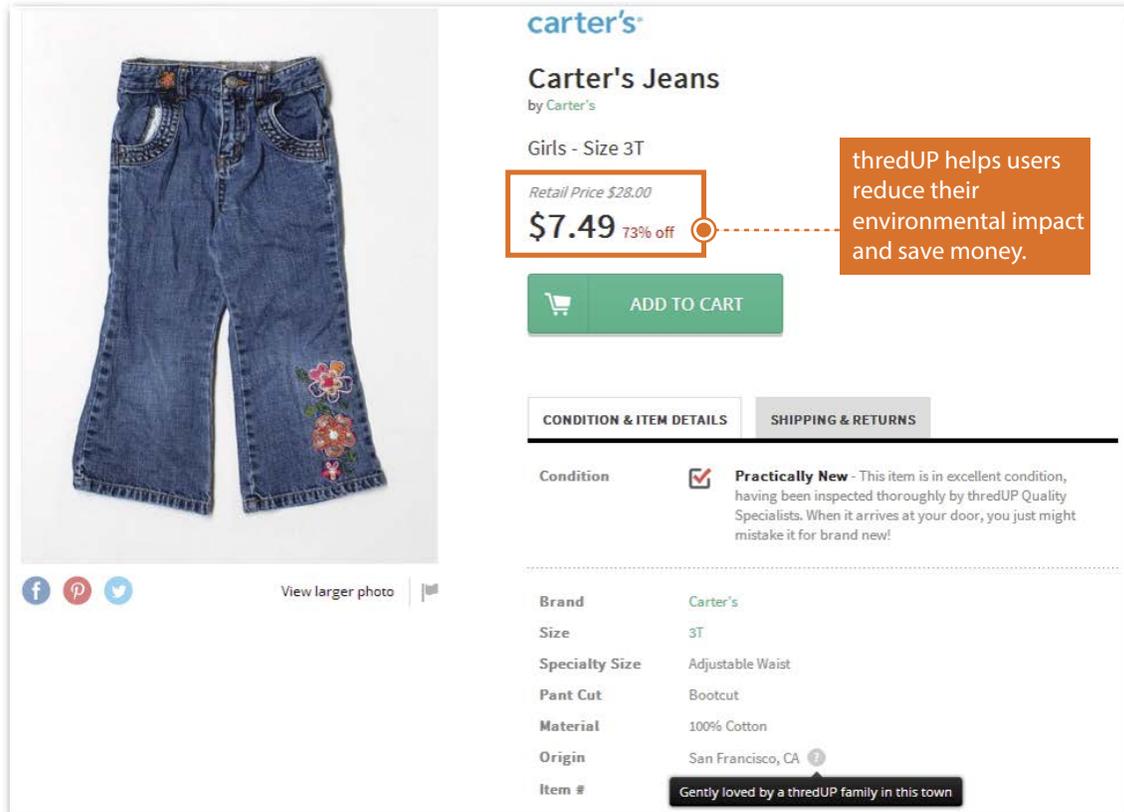
Source: eBay website

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Source: Forrester Research, Inc.

Figure 5 Emerging Green Businesses Are Innovating To Provide Value To Green Consumers (Cont.)

5-2 **thredUP looks and feels exactly like a typical online retailer but offers used clothes at big discounts**



carter's
Carter's Jeans
by Carter's

Girls - Size 3T

Retail Price \$28.00
\$7.49 73% off

thredUP helps users reduce their environmental impact and save money.

ADD TO CART

CONDITION & ITEM DETAILS SHIPPING & RETURNS

Condition **Practically New** - This item is in excellent condition, having been inspected thoroughly by thredUP Quality Specialists. When it arrives at your door, you just might mistake it for brand new!

Brand Carter's

Size 3T

Specialty Size Adjustable Waist

Pant Cut Bootcut

Material 100% Cotton

Origin San Francisco, CA

Item # Gently loved by a thredUP family in this town.

Source: thredUP website

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Source: Forrester Research, Inc.

Figure 5 Emerging Green Businesses Are Innovating To Provide Value To Green Consumers (Cont.)

5-3 Hipcycle uses discarded materials to create new products



Source: Hipcycle website

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Source: Forrester Research, Inc.

RECOMMENDATIONS

ATTRACT/RETAIN VALUABLE ONLINE CONSUMERS WITH CLEAR GREEN INITIATIVES

In addition to the obvious positive (or, at least, less damaging) environmental impact, green initiatives present significant opportunities for retailers: Gain market share by attracting high-value customers, and retain current green or super-green customers and potentially transition them to higher-ticket green products. The online channel is the ideal place to do this, as firms can more easily use their data- and information-rich touchpoints to merchandise and recommend “greener” alternatives. Moreover, some of the retailers we reviewed noted that they were able to increase profitability through the reduction of energy costs and mitigate supply chain risks by executing on green initiatives.²⁰ While a more systemic sustainability overhaul of your company may be a smart play for the future, to capitalize on green and super-green consumers today, retailers should:

- **Leverage digital channels to connect and sell to green consumers.** Green and super-green consumers will look to brands and companies that put sustainability at the heart of their products and services. A retailer's website and products naturally represent the most visible channels within which to demonstrate these qualities to online consumers.²¹ Retailers should avoid simply slapping a green icon on their website or label on their products, though; an explanation of why and how is critical to earning a consumer's trust and business. In most cases, this will involve providing concrete information about the environmental impact of the company overall and/or specific products. Patagonia dedicates a section of its website to environmentalism and social responsibility. It includes an overview of its Common Threads Partnership — a community of Patagonia users who have pledged to reduce their consumption by letting Patagonia repair, buy back, and recycle its products. The program has more than 50,000 users and quantified results; Patagonia has recycled 56.6 tons of clothing since 2005, for example.²²
- **Share information about green initiatives online.** This often takes the form of a CSR report, but it doesn't have to. Some retailers choose to publish this information on dedicated sections of their websites. Whatever route a retailer decides to take, adding more quantifiable details to those consumer-facing channels adds credibility to green claims and promotes transparency. As an added incentive, sustainability reporting may be mandated in the future. The reporting of sustainability metrics along with financial results is gaining momentum, with large companies like Nestlé and Philips already doing so.²³ Countries like Denmark, South Africa, and Brazil have already passed regulations that mandate public companies to include an overview of their corporate responsibility policies, how they are translating those policies into actions, and the results in annual reports.²⁴
- **Innovate to find win-win-win green solutions.** Retailers can use green initiatives to attract and retain online consumers (win); if designed well, they can also use them to create and embed efficiencies in the consumer and product life cycle (win) — both of which have a positive impact on the bottom line (win). Creating the right green solution that hits this golden triangle of wins is the key to any successful green initiative. Puma recently launched an InCycle collection that features products that are either made fully from recycled materials or that are biodegradable.²⁵ Puma educates its customers about the benefits of these products — they use less energy than raw material manufacturing, send less waste to landfills, and reduce air pollution from waste incineration — on its website and prominently marks each InCycle product with an icon indicating that it's a sustainable product. As an added bonus for Puma, the recycling trade-in program used for these products drives consumers to the store — an opportunity for cross-selling — where they turn in old items and can upgrade to a newer version. Puma then uses the raw materials of the trade-in to create the next iteration of products.

HOW FORRESTER CAN HELP

FORRESTER OFFERS OFF-THE-SHELF AND CUSTOM RESEARCH OPTIONS

Forrester offers an array of industry-specific comparative data, including (but not limited to):

- **An index of green customers.** Through its Consumer Technographics product, Forrester can index the customers of approximately 50 retailers to draw comparisons about how green their customers are. This data is available across multiple product categories, including apparel, home improvement, and grocery, among others.
- **Forrester's custom research.** For insight that is either more targeted or not yet publicly available, clients can commission custom research from Forrester. Clients often ask Forrester to research very specific issues, address their company's internal metrics or benchmarks, and use custom surveys to compare data within or across the industry. These reports are the property of the client and are only available publicly if the client chooses to release them.

SUPPLEMENTAL MATERIAL

Methodology

Forrester worked in partnership with Ellen Sinreich, founder and president of Green Edge, in the writing of this report. She is an expert in the green space who specializes in sustainability strategy and carbon-footprint reduction. Throughout the research process, Ms. Sinreich provided industry expertise and aided Forrester in identifying the critical components of retailers' CSR reports. Please visit www.greenedgellc.com for more information about Green Edge.

The Forrester Research US Retailer Corporate Social Responsibility WebTrack used Internet Retailer's Top 500 Guide to guide the selection of the 57 retailers reviewed for this report. Forrester then analyzed the content of each company's CSR report to determine if it clearly reported on key sustainability issues, such as the amount of waste sent to landfills, water consumed, and carbon emissions. We conducted this research in Q1 2013.

Forrester conducted the North American Technographics Retail Online Benchmark Recontact Survey, 2013 fielded in July 2013 of 4,503 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size, there is 95% confidence that the results have a statistical precision of plus or minus 1.5% of what they would be if the entire population of US online adults (defined as those online weekly or more often) had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 4,476. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally

underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the Internet and feel more comfortable transacting online. This survey is part of our North American Online Benchmark Recontact System. Respondents who participated in both of our online benchmark surveys (part 1 and part 2) are invited to also participate in a series of follow-up recontact surveys that cover topics in greater depth and detail. The data from both online benchmark surveys (part 1 and part 2) is appended to each recontact survey's data set so that data cuts can be performed across benchmarks and the recontact itself. Ultimately, this recontact system provides a more holistic view of consumer behavior and allows for more data cutting opportunities than a standalone survey provides.

ENDNOTES

- ¹ Source: United States Environmental Protection Agency (EPA) (<http://www.epa.gov/sustainability/basicinfo.htm>).
- ² For more information, see the October 18, 2011, “[Corporate Sustainability Will Depend On IT Solutions](#)” report.
- ³ Kingfisher, in partnership with the Carbon Trust, worked with a third party to verify its environmentally friendly products.
- ⁴ For more information on Kingfisher's financials, read: “Creating The Leader: Progress report on our strategy,” Kingfisher, 2013 (http://www.kingfisher.com/files/reports/annual_report_2013/files/pdf/annual_report_2013.pdf) and “Kingfisher,” Carbon Trust (<http://www.carbontrust.com/our-clients/k/kingfisher/>).
- ⁵ A study conducted by Staples and MIT found that while electric delivery trucks have a larger upfront cost, they can save retailers money over time. Source: “MIT-Staples Study: Electric Trucks Cost 9 to 12 Percent Less to Operate,” Green Retail Decisions, February 9, 2012 (<http://www.greenretaildecisions.com/news/2012/02/09/mit-staples-study-electric-trucks-cost-9-to-12-percent-less-to-operate>).
- ⁶ After a 13-month pilot, Coca-Cola invested in a small fleet of electric delivery trucks; it expects that fuel savings and low maintenance costs will provide a return on the investment in the trucks within three to four years. Source: Mary Catherine O'Connor, “Coca-Cola launches first electric refrigerated truck fleet,” GreenBiz.com, September 19, 2013 (<http://www.greenbiz.com/blog/2013/09/19/coca-cola-launch-first-electric-refrigerated-truck-fleet?src=facebook91913>).
- ⁷ To categorize US online adults into the four groups (super-green, green, yellow, and red), Forrester developed a summation variable using five-point Likert scale statements with a maximum score of 25 pulled from Consumer Technographics. Forrester designed its green spectrum using the following statements from its North American Technographics Retail Online Benchmark Recontact Survey, 2013: “I consider myself to be environmentally conscious”; “I regularly purchase organic or natural products.”; “When purchasing products, I look for energy-efficient labels (e.g., Energy Star).”; “I encourage my friends and family to buy eco-friendly products.”; “I like to be informed about how the products I buy are made.”

- ⁸ Source: North American Technographics Retail Online Benchmark Recontact Survey, 2013.
- ⁹ Source: North American Technographics Retail Online Benchmark Recontact Survey, 2013.
- ¹⁰ Source: North American Technographics Retail Online Benchmark Recontact Survey, 2013.
- ¹¹ Source: North American Technographics Retail Online Benchmark Recontact Survey, 2013.
- ¹² Source: North American Technographics Retail Online Benchmark Recontact Survey, 2013.
- ¹³ There is increased scrutiny of green claims. Green activists are closely watching companies' activities, consumers are skeptical of environmental claims, and governments are starting to bring in green guidelines. Another Forrester report shared that 57% of online consumers distrust companies' environmental claims, and it can be a barrier to green product adoption. Government regulations are not far away; the UK government recently released a toolkit to help companies avoid green-washing. For more information, see the May 4, 2011, "[How Green Does Your Brand Need To Be?](#)" report.
- ¹⁴ Source: North American Technographics Retail Online Benchmark Recontact Survey, 2013.
- ¹⁵ For more information, see the May 4, 2011, "[How Green Does Your Brand Need To Be?](#)" report.
- ¹⁶ Source: North American Technographics Retail Online Benchmark Recontact Survey, 2013.
- ¹⁷ Forrester found that personal interactions are most successful at driving conversions for US online adults. Seventy-seven percent of US online adults report trying a new brand, product, or service after using online customer communities; 71% after reading blogs; 66% after reading or posting messages on Pinterest; 66% after reading or posting messages on Facebook; and 62% after reading or posting messages on Twitter. See the January 3, 2013, "[Marketers Need To Put Money Where A Consumer's Mouth Is](#)" report.
- ¹⁸ It's estimated that 83% of a retailer's overall environmental impact comes from the supply chain — sourcing raw materials, production of products, distribution, etc.; only 17% is a direct impact from physical locations. Furthermore, online retailers must also deal with warehousing and distributing goods, so the retail store component of a brick-and-mortar retailer is transferred to other aspects of an online retailer's operations. Source: Joel Makower, "State of Green Business Report 2013, GreenBiz.com, February 12, 2013 (<http://www.greenbiz.com/research/report/2013/02/state-green-business-report-2013>).
- ¹⁹ The Forrester Research US Retailer Corporate Social Responsibility WebTrack reviewed the websites and/or CSR reports for 57 retailers (online-only, multichannel, and manufacturers) for this report. Forrester then analyzed the content of each company's CSR report to determine if it reported on key sustainability issues, such as the amount of waste sent to landfills, water consumed, and carbon emissions. We conducted this research in Q1 2013.
- ²⁰ Coca-Cola is buying new machinery for its producers of plastic bottles so they can make them from plant-based material rather than oil-based matter. The plant-based plastic is likely to be cheaper in the long run. Efforts already made by Coca-Cola in 2009 achieved \$100 million worth of savings because it cut down on packaging. Source: Michael Barnett, "The new CSR: This time it's profitable," Marketing Week, April 14, 2011 (<http://www.marketingweek.co.uk/the-new-csr-this-time-its-profitable/3025435.article>).

- ²¹ Consumers are being bombarded with green messaging online, in print, and on TV. Repositioning a brand to be greener is a top planning activity among marketers. Firms are trying to tap into the growing segment of consumers who may pay a premium for a product from an environmentally or socially responsible company. Hidden beneath green brand strategies are eBusiness managers striving for increased profitability through paperless eBilling and eStatements. eBusiness professionals should position internal and external web properties as the primary channel to support green initiatives. See the September 8, 2009, “[eBusiness Is The Right Channel To Go Green](#)” report.
- ²² Patagonia dedicates a section of its website to environmentalism and corporate social responsibility. Visit <http://www.patagonia.com/us/environmentalism> for more details.
- ²³ Improving the environmental sustainability of corporate processes and products is slowly but surely moving up the strategic agenda of large companies around the world. In interviewing sustainability leaders at 15 multinationals, we found a wide variety of drivers, barriers, and best practices that are embedding sustainability in corporate operations. One consistent message from these companies is that the more progressive their approach to sustainability, the more they rely on IT systems and skills for collecting, integrating, analyzing, and reporting data and performance metrics. Six types of IT-for-sustainability (ITfS) solutions will gain increasing market traction in the years ahead. See the October 18, 2011, “[Corporate Sustainability Will Depend On IT Solutions](#)” report.
- ²⁴ Denmark, Brazil, and South Africa have already put the onus on companies to start filing integrated financial and CSR reports with detailed performance and usage data, insight into changes they are making to reduce their impact, and results. Source: Joel Makower, “State of Green Business Report 2013,” GreenBiz.com, February 12, 2013 (<http://www.greenbiz.com/research/report/2013/02/state-green-business-report-2013>) and “Corporate Social Responsibility and Reporting in Denmark: Impact of the legal requirement for reporting on CSR in the Danish Financial Statements Act,” Erhvervsstyrelsen, August 2010 (http://www.dcca.dk/graphics/publikationer/CSR/CSR_and_Reporting_in_Denmark.pdf).
- ²⁵ Puma’s InCycle collection features environmentally friendly clothing that is made from recycled materials. Source: Marlene Ringel and Baljinder Miles, “PUMA Introduces C2C-Certified, Recyclable Track Jacket, Backpack as Part of InCycle Collection,” Sustainable Brands, February 12, 2013 (http://www.sustainablebrands.com/news_and_views/waste_not/puma-introduces-c2c-certified-recyclable-track-jacket-backpack-part-incycle).

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