



Finding and engaging greener customers

Using data to help your brand



Introduction

Meeting climate change targets is a huge challenge that is dominating headlines, government policymaking and organisational decision-making. It often feels like time is running out: the IPCC (Intergovernmental Panel on Climate Change) recently warned that, to avoid catastrophic climate change of above 1.5°C, we must reduce global carbon emissions by 7% year on year until 2030.

The UK has committed to reduce its greenhouse gas emissions to net zero by 2050, meaning that the country will be taking as much of these climate-changing gases out of the atmosphere as it is putting in. The pressure is on, and everyone has a role to play: not least brands and consumers.

To coincide with the UN's conference on climate change, COP26, this green white paper – or green paper (please don't print it out unless you really need to) – examines the sustainability initiatives of some brands and explores how important environmental concerns are to engaging customers.

We also explain our Green Index, which models nationwide attitudes to sustainability issues, and which can be used by brands to understand how green a customer or prospect is and how this should be applied to communicate with them appropriately.



**It's easy being
(aware of who is)
green**

At his annual UN General Assembly address in September, PM Boris Johnson disagreed with The Muppets' character Kermit the Frog, telling world leaders that Kermit was wrong and that, "It is easy being green". Ahead of the upcoming COP26 conference, Johnson asserted that it was time for the world to "grow up" and tackle climate change.

The focus on climate change is heating up, and there is extensive debate and discussion around how the UK's industries will meet the Government's Net Zero strategy, which sets out policies and proposals for decarbonising all sectors of the UK economy to meet the net zero target by 2050, in line with the UN's climate change goal.

This is a huge challenge for brands across all market sectors. From clothing to supermarkets, automotive to energy providers, print production to fast food delivery, every business of every size will need to transform its business and operating model. As PWC explains, a net-zero ambition will need to ensure accountability, realign the corporate growth strategy, adapt the operating model and supply chain, invest in innovation and prioritise transparency and engagement. It's a lot to think about but a number of companies have already committed to their own net zero targets.

And a number of brands already have or have recently launched some incredible sustainability initiatives to help not only improve their carbon emissions but also those of their customers.

Advocating sustainability in fashion

In October 2021, H&M announced that it had partnered with actor John Boyega to launch its latest sustainable menswear collection, Edition by John Boyega, designed to push both "style and sustainability". The collection features pieces made from recycled wool, organic cotton, post-consumer waste and deadstock, and Vegea, a vegan alternative to leather.

H&M has been pushing its sustainability credentials for a number of years. This includes its Conscious line, a recycled denim collection, and tips on how to repair, remake and refresh clothes to make them last longer.

Be rewarded for a greener home

According to UK Government National Statistics, residential properties make up 15% of the UK total climate emissions. NatWest wants to help to lower this and reward its customers who are trying to do the same.

Both Barclays and NatWest offer 'green mortgages', which reward purchasers with cashback or a lower interest rate if their property has a high EPC rating. In addition, the government is now exploring plans to link mortgages to green home improvements by imposing targets for lenders, to help decarbonise the UK's ageing housing stock.

Encouraging greener vehicles

Automotive magazine Motor Finance recently published a report examining the tools being created by motor finance businesses to help combat climate change. Rolling out zero emissions vehicles is one way the automotive sector, and motor finance, can play a leading role to play in achieving a net-zero economy, and across the motor finance sector, many firms are introducing new schemes to bring down their carbon footprints while encouraging their customers to reduce theirs too.

The examples cited include LeasePlan, which is committed to increasing electric vehicle (EV) uptake globally, with its EV solution aiding a rise in orders for EVs and plug-in hybrids to 17.4% in Q2 2021. Lloyds Banking Group now has the UK's largest low emission vehicle fleet, more than doubling the number of EVs it finances in 2020. Meanwhile, Alphera Financial Services, the BMW Group's independent motor finance division, is introducing the motor finance industry's first carbon offsetting programme for used hybrid and plug-in hybrid electric vehicle (PHEV) purchases.

British Gas

British Gas has a number of initiatives to help customers go green, including tariffs which are 100% zero carbon (three quarters of its electricity comes from renewable sources, double the UK average); a Green Future tariff, which matches gas with green gas from UK generators; and electric vehicle tariffs for greener, cheaper charging.

IKEA

IKEA's People & Planet Positive strategy, published in 2020, describes the sustainability agenda for the total IKEA value chain. Its sustainability ambitions and commitments are set for 2030 in line with the UN Sustainable Development Goals. The strategy divided into three focus areas: Healthy & Sustainable Living; Circular & Climate Positive; and Fair & Equal; and includes commitments to transform into a circular business, become climate positive and regenerate resources and protect ecosystems and improve biodiversity. The strategy will be reviewed annually to ensure alignment with IKEA's overall strategic framework.

Two Sides - making print and paper greener

Two Sides is a not-for-profit, global initiative promoting the sustainable and attractive attributes of print, paper, and paper packaging. Its goal is to promote the sustainability of the graphic communications supply chain and dispel common environmental misconceptions by providing users with verifiable information on why print and paper is an attractive, practical, and sustainable communications medium. Mailing specialist GB Mail and marketing performance agency Go Inspire Group have both recently joined Two Sides: GB Mail to continue improving its eco-friendly mailing options, and Go Inspire to promote its sustainable qualities.



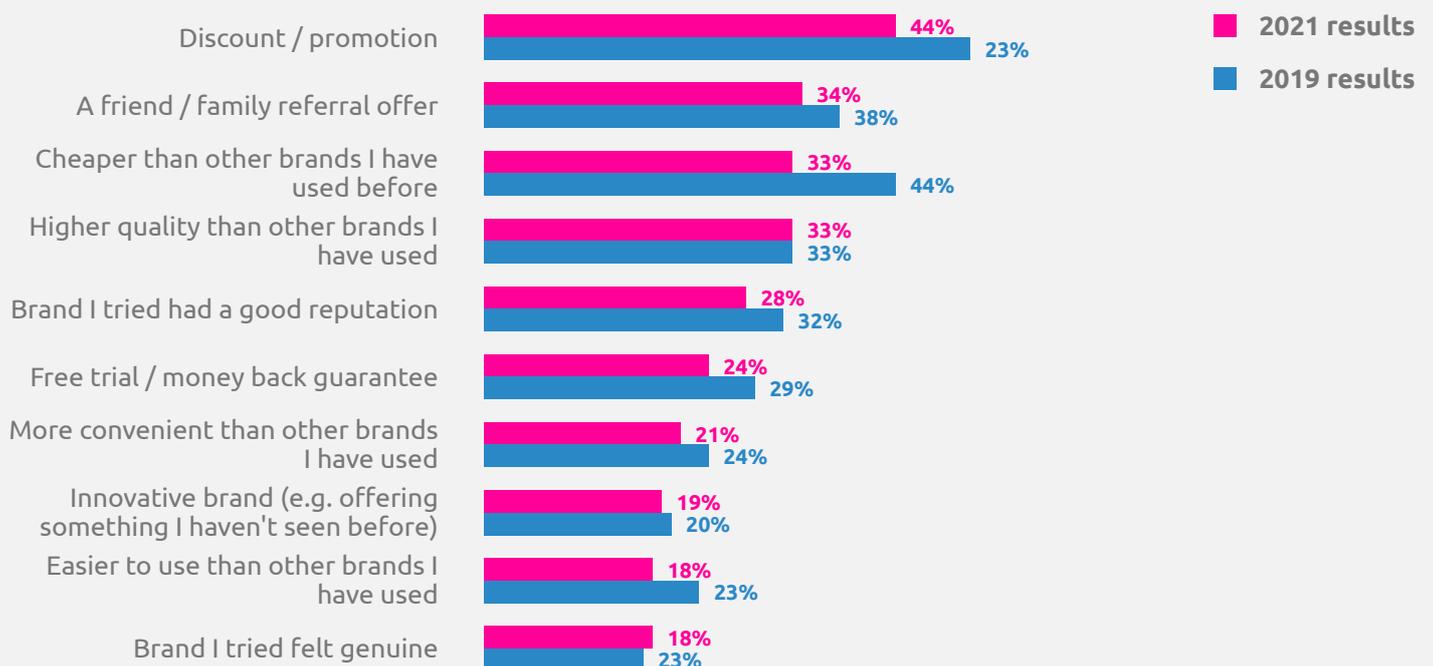
**What's driving
greener
behaviour?**

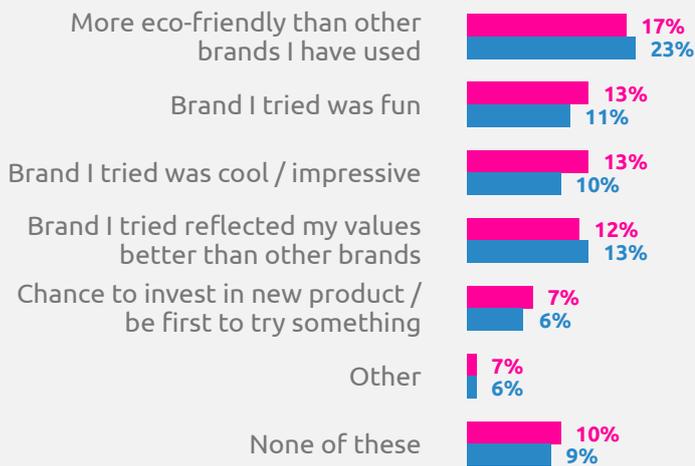
Companies looking to do good isn't new. While corporate social responsibility (CSR) strategies might have fallen out of step with the sustainability agenda, its latest evolution – environmental, social and governance (ESG) – provides a more measurable framework for greater transparency, greater efforts, and greater good.

And at the heart of this is the lifeblood of every single brand: consumers. Recent research from the DMA – Customer Engagement: Acquisition and the Consumer Mindset 2021 – found that values-led decision making is increasingly at the core of why consumers decide to buy from or switch to a new brand.

For example, when asked what encouraged them to buy products or services from a new company, two of the key reasons were being eco-friendly (17%) and brand values (12%). Eco credentials are more important than a brand being fun or cool, and these figures are relatively unchanged from the DMA's consumer survey in 2019, despite 18 months of upheaval and very different market forces being in play because of COVID.

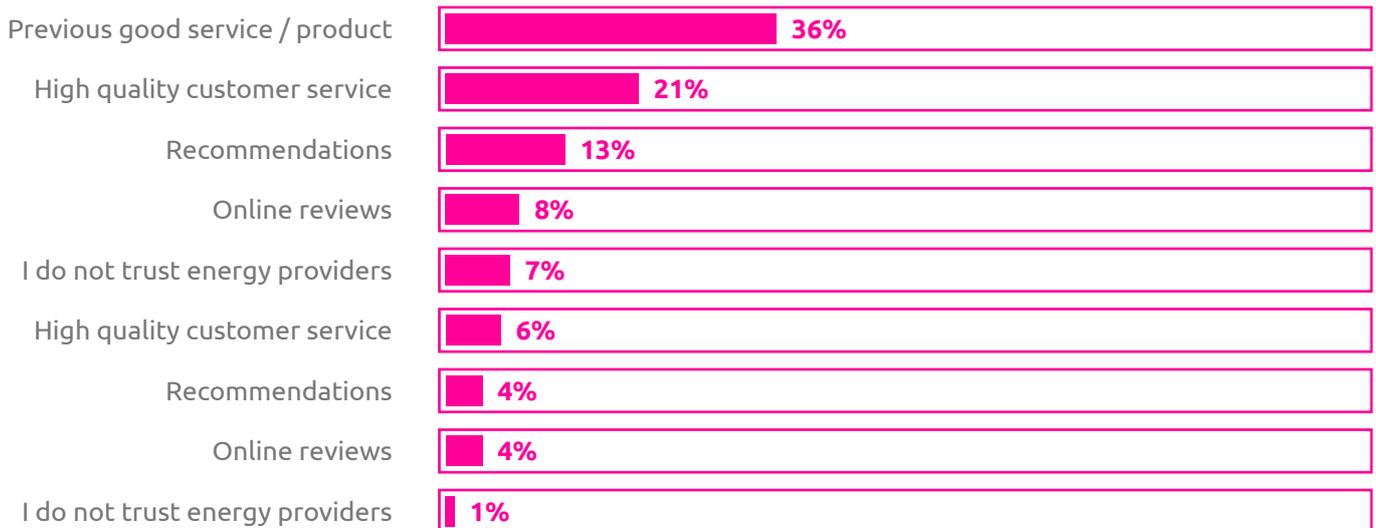
Q: Thinking about when you are buying products or services, which of the following have encouraged you to try new brands or companies you haven't used before?





In addition, when investigating why shopping locally has come more into favour during the pandemic, the DMA found that consumers are driven by the fact that it is more environmentally friendly.

Q: What is the main reason why you try to shop locally as much as possible?



Deloitte, too, found that, though slightly down compared to similar research they conducted in 2020, ethical and sustainability issues remain a key driver for almost a third of consumers, who claim to have stopped purchasing certain brands due to related concerns, and that one in five has opted for low carbon transport or switched to renewable energy.



Identifying green attitudes

As a data business, our priority is to help brands understand as much as possible about their customers or prospects and to tailor their communications so that they are personal, relevant and timely.

Traditionally, these are usually demographic or lifestyle-based variables such as age, sex, life stage, spending power, hobbies and interests. In the past, green attitudes such as environmental concerns, animal welfare and sustainability – known as attitudinal data – would be seen as either hard and expensive to gather or impossible to gather for large volumes of consumers. **Until now!**

We have joined forces with open-source data modelling company More Metrics to model government petition data on green attitudes and present this at postcode level. We then indexed this against the rest of the country to create a relative measure for every postcode. That means that for any customer or prospect with a postcode, we can tell how “green” they are: whether that’s shopping locally; swapping a regular energy tariff for a green one, or swapping suppliers for those that only use renewable energy sources; only shopping with sustainable retail brands; using eco-friendly cleaning products; replacing diesel and petrol cars with hybrid or electric vehicles; only banking with sustainable finance providers or only using an eco-friendly, green insurance company that specialises in hybrid and low emission cars and offer discounts accordingly.

We can also further split this data to identify specific drivers, such as their concern for protecting animals or the environment.

Given the pressure on brands to show their green credentials to their customers, this Green Index could be revolutionary. Knowing which customers are the ones for whom this really matters allows each brand to tailor their comms, dial up or dial down the message accordingly and therefore be seen as more relevant to a key demographic. So, to quote a muppet, while it might not be easy being green, it is now easy to find out who is green and treat them differently as a result.

Some sector-specific examples include identifying green energy customers for utilities providers, to help take advantage of the fact that renewable energy now accounts for **36.24%** of the UK’s supply; or finding EV drivers for car manufacturers: in Q1 2021, 59,000 ultra low emission vehicles (ULEVs) were registered for the first time in Great Britain, an increase of 77% on Q1 2020. Alternatively, it could help identify which of the 12 million dog owners in the UK would be more likely to donate to an animal charity: the possibilities for this data are many and myriad.

Green Index: the key statistics

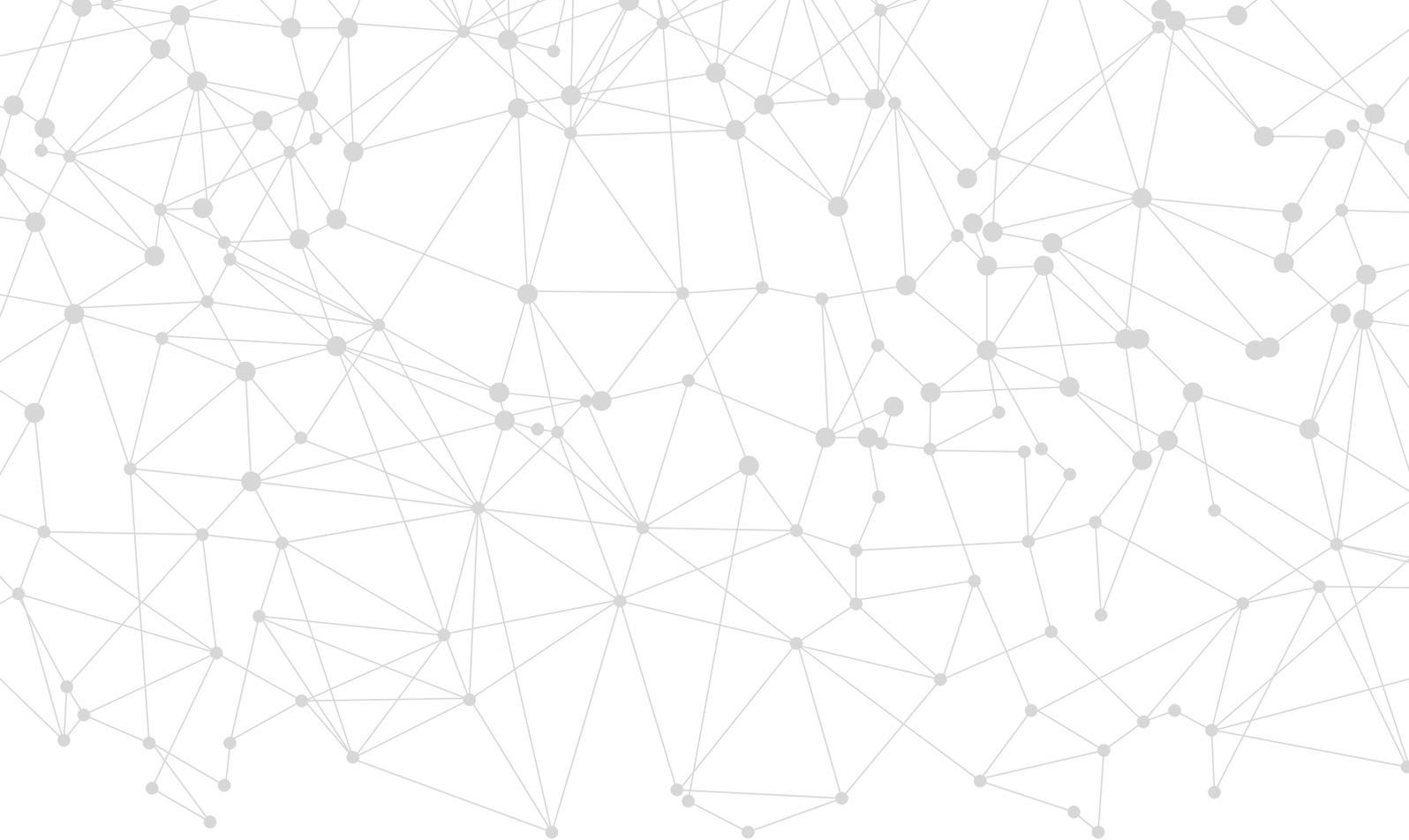
Our Green Index model, in conjunction with More Metrics, has revealed the following about the green attitudes across various demographics in the UK:

- Men and women are equally likely to be 'green'
- Those under 30 are twice as likely to be green as the over-70s
- 18 - 24-year olds are 60% more likely to be concerned about the environment
- The older the age group, the less likely they are to be green
- Those in the north west of England are the most likely to have more green behaviours
- Greater London and Wales also score highly as green regions
- Overall, people in the west are more likely to be green – almost double for the West Midlands compared to the East Midlands
- Those with a pet are 18% less likely to be green
- The more children in a family, the more likely they are to have environmental concerns
- Those with no children are 19% less likely to be green.

A final, green, word

Being able to identify and engage customers who have a desire be more sustainable will, we hope, be invaluable to brands as they embark on or continue their journey to net zero. It's going to take a concerted effort by everyone if we are to meet these targets and helping consumers to make more informed and sustainable decisions will be one of the key activities for brands.

If you'd like to speak to us about how the Green Index can help your brand, please get in touch.



Sagacity

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