



What is the Value of a Green Product?

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INTRODUCTION

Political and societal pressures have driven companies to incorporate sustainability as a means of measuring success within the triple bottom line construct. Multiple firms have begun to develop and market environmentally-friendly products and services commonly referred to as green or sustainable products. In 2010, more than 1,570 new green products were expected to launch. For example, Ford is developing a sustainable seat cushion made with soy-based materials and Lipton Tea has promised to purchase tea only from firms who are 100% sustainable.

AIM

This research examines the perceived value of green products in how valuable these products are perceived to be by consumers when placed in the context of traditional products. Although there is a growing awareness of sustainability and the environment among consumers, academic research and industry reports indicate consumers are not always willing to purchase green products; or, if consumers do purchase green products, they do so for political and social reasons.

This research can help an organization determine what types of investments to make in green products and what value consumers do or do not place on purchasing green products.

CONCLUSION: The two empirical studies reported in this article demonstrate that products that have a green position are perceived as more expensive and less effective on the tasks that consumers rated as most important for this category. The traditional products fared better on the unobservable attributes than the green products that were most desirable as well. The study also demonstrates that premium pricing has little real effect in changing consumer's perception that the green products cannot perform at the same level as traditional products on desired attributes. The green product with a major manufacturer's brand name fared far better on most all attributes than the green brand. These findings imply that green product manufacturers need to demonstrate to consumers that their products can perform as well on desired attributes as traditional products if they wish to be considered. A second finding is that consumers do not perceive premium priced green products to be more effective than traditional products at a lower price.

RESULTS & DISCUSSION

An online survey was completed by a total of 406 respondents to study on consumer decision making and asked to make choices on hypothetical purchases. One product category was chosen to use as stimuli - laundry detergent, and four brands of product: Cheer, Era, Mrs. Myers and Clorox GreenWorks. Choice sets consisted of either two or three options, each described by either by one attribute (single focused), more than on attribute (all in one), green (abstract) or green all-in-one.



Brand Name: Era
Attribute: Stain Removal
Positioning Strategy: Single Focused



Brand Name: Cheer
Attribute: Fade Resistance
Positioning Strategy: Single Focused



Brand Name: Mrs. Myers
Attribute: Green
Positioning Strategy: Abstract



Brand Name: Green Works
Attribute: Green and Clean
Positioning Strategy: Green All in One

Where 60.66% of respondents reported Green and Clean would be most expensive attribute, with 19.67% responding that Green was most expensive and 14.57% responded that Stain Removal was most expensive. 52.46% of respondents reported Green was the most expensive attribute.

	Position	Rating		Total
		Most Expensive	Expensive	
1	Stain Removal	14.75	13.11	27.86
2	Fade Resistance	4.92	11.48	16.4
3	Green	19.67	52.46	72.13
4	Green and Clean	60.66	22.95	83.61

88.53% of respondents reported Stain Removal would be the extremely valuable or valuable, with 86.88% of respondents reported Fade Resistance would be the extremely valuable or valuable; and 47.54% of respondents reported Green properties would be the extremely valuable or valuable, while 52.46% of respondents reported Green was the most expensive attribute.

	Position	Rating		Total
		Extremely Valuable	Valuable	
1	Stain Removal	59.02	29.51	88.53
2	Fade Resistance	39.34	47.54	86.88
3	Green	9.84	37.70	47.54
4	Green and Clean	19.67	52.46	72.13