



Specialists in corporate, financial, public affairs and  
sustainability market & social research

## Sustainability and Climate Change Research 2010

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# Research Program

GA Research undertook the following:

- In April and May: **a series of one-on-one in-depth interviews with CEOs and sustainability managers** across a range of industry sectors.
  - We spoke with 12 representatives of private, not-for-profit, publically listed and government owned corporations for 30-45 minutes each. Industry sectors included property, resources, energy, petrochemicals, health and ageing, transport and water.
- In February and April: **questions on the Business Spectator Accenture CEO Pulse, which GA Research manages.** The CEO Pulse is a monthly survey of CEOs from leading Australian businesses with an annual turnover of at least \$100 million.
  - In February, 51 CEOs responded to the survey.
  - In April, 56 CEOs responded to the survey.
- In May: **a nationally representative online survey of 1,326 Australians.**
  - We used a quality accredited panel which has more than 150,000 members from all walks of life across Australia.
  - Strict quotas were used to reflect the mix of people within the broader population by gender, age and location.



# What did we want to learn?

- **What is the green economy?**
  - What is driving it?
  - What are the barriers?
  - What are the business benefits?
- **Who are the leaders ... and laggards?**
- **Do consumers want to be engaged more? How?**
- **How can more traction be gained for 'brand sustainability'?**
- **What do Australians think about climate change and do they want action?**

# ***Business leaders see the ‘green economy’ as an emerging reality, largely being driven by growing environmental consciousness***

- In the qualitative research interviews, we asked CEOs and sustainability managers what the “green economy” means to them and found that it means different things to different people, but one thing is clear: it is a fuzzy concept. It was variously described as:
  - Lacking in meaning
  - An unknown
  - Smoke and mirrors or ‘green wash’
  - A politically correct cliché, bordering on being dogma
  - Lip service
  - A catch phrase for broader sustainability - the “triple bottom line”
- To a lesser extent they described the ‘green economy’ as an emerging differentiator or new value proposition, and a reason to innovate to try and stay ahead of the game.
- Overall, it is seen as very early days for this ‘sustainability economy’, but it is something that business leaders expect and want to stay around for the long term.
- The number one driving factor cited by CEOs and sustainability managers is a growing consumer awareness of environmental issues – most notably climate change, but also the drought. They spoke of businesses and the community in turn having a heightened sense of moral responsibility to protect the environment.
- At a basic level, the need to comply with environmental regulations is also driving some businesses to start moving into the green economy. For example, meeting minimum star ratings for new buildings.

# Numerous barriers to businesses pursuing green initiatives

- The number one barrier to the pursuit of environmental sustainability initiatives from the perspective of CEOs and sustainability managers we spoke with is a lack of push from government – most notably a lack of climate change regulation and price signals on carbon, but also other structural barriers which prevent businesses from making investment decisions. For example, in the health sector, the Commonwealth determines much of the expenditure, therefore any environmental sustainability advances in the health sector would also require a specific national policy agenda, which does not yet exist.
- According to CEOs and sustainability managers in our qualitative research, the barriers to pursuing green initiatives and engaging with consumers on sustainability, in broad descending order of mentions, are:
  - **Lack of government regulation, and political will** – *all participants mentioned this*
  - Can't see or make the **financial case** – *most participants mentioned this*
    - GFC – money's tight
    - Seen as expensive – large capital outlay and long / unknown payback periods
    - A belief and/or observation that **consumers are not willing to pay more**
    - A lack of regulation that creates environmental price signals

Quite a few also mentioned the following:

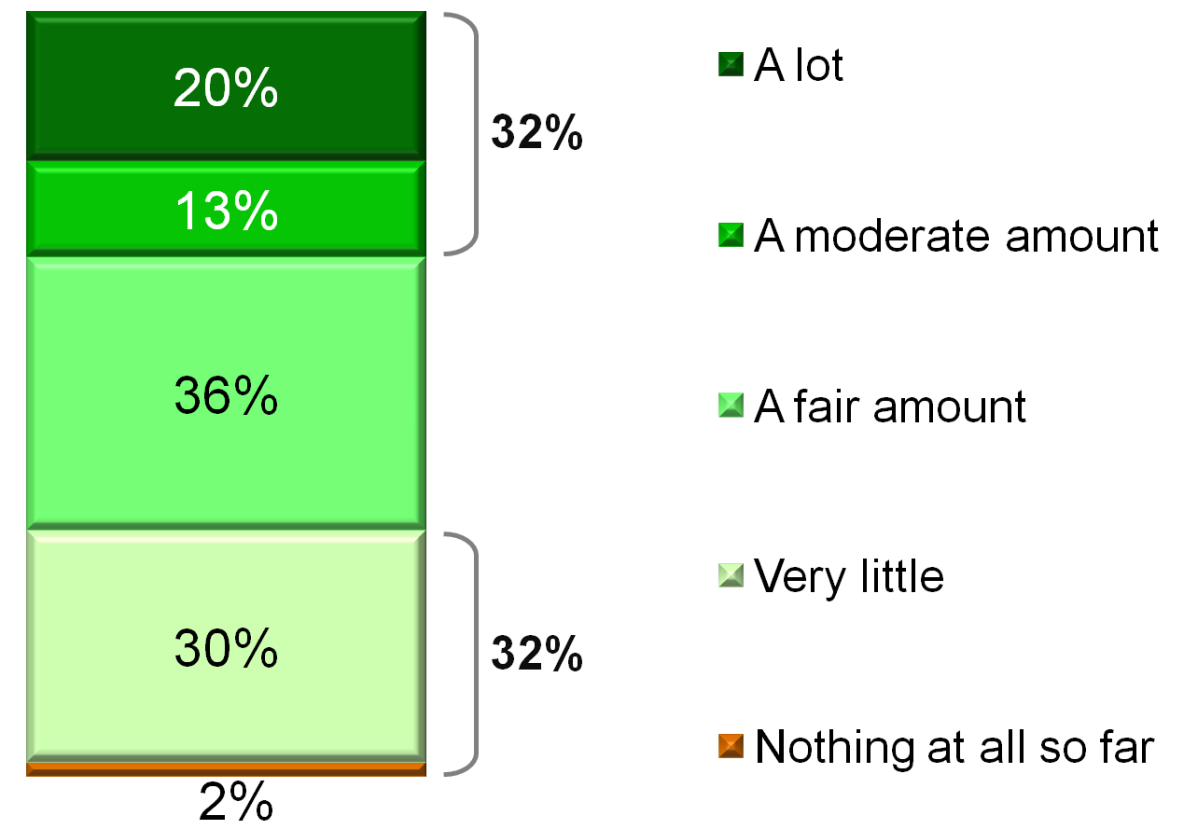
- **Cheap energy linked with no price on carbon**
- Lack of knowledge / confusion about **environmental impacts and issues**, across business, community and government
- Lack of **perceived importance and relevance** among some business leaders
- **Lack of skills** in actually knowing how to implement initiatives and measure the changes
- Already having to **play catch up** with the rest of the world
- Imperfect government programs with **perverse rewards** for larger polluters

*"I find it difficult to waste too much of my own time and energy on trying to work out how we need to get ourselves positioned ultimately for this because I just have a horrible cynicism that we could spend three years going around in circles trying to prepare for schemes and permits that may or may not ever materialise." (CEO, transport sector)*

# Some companies are forging ahead in engaging their market

- GA Research undertakes the Business Spectator Accenture CEO Pulse, a monthly survey of leading Australian CEOs with at least \$100 million turnover in Australia.
- For the April survey we included some questions on environmental sustainability. Leading CEOs from a wide range of industry sectors participated in this round including professional and other services, manufacturing, healthcare, hospitality, retail, mining, financial services and agriculture.
- We asked the 56 CEOs who participated how much their company has done to engage their customers on environmental sustainability initiatives to date.
- Results were mixed. Although 98% had done *something*, around a third have done very little if anything (32%), slightly more than a third said they've done a fair amount (36%) and almost a third said a moderate amount or a lot (32%). Clearly, some are forging ahead, while others appear to be lagging behind in this regard.
- Qualitatively, we know that the GFC has had an effect on the ability of many companies to focus on environmental sustainability.

## CEO Self-Reported Amount of Market Engagement by their Company on Environmental Sustainability



Source: Business Spectator Accenture CEO Pulse – 14-25 April 2010.  
Base: n=56 CEOs from a diverse range of industry sectors.  
Question: How much would you say your company has done to engage your customers/clients on environmental sustainability initiatives to date? This may include products, services, linkages with initiatives of other organisations, etc.

# The majority of CEOs surveyed are enjoying various benefits from engaging their market on sustainability

## CEO Self-Reported Benefits from Engaging their Markets on Environmental Sustainability



**71%**  
have realised  
some kind of  
benefit

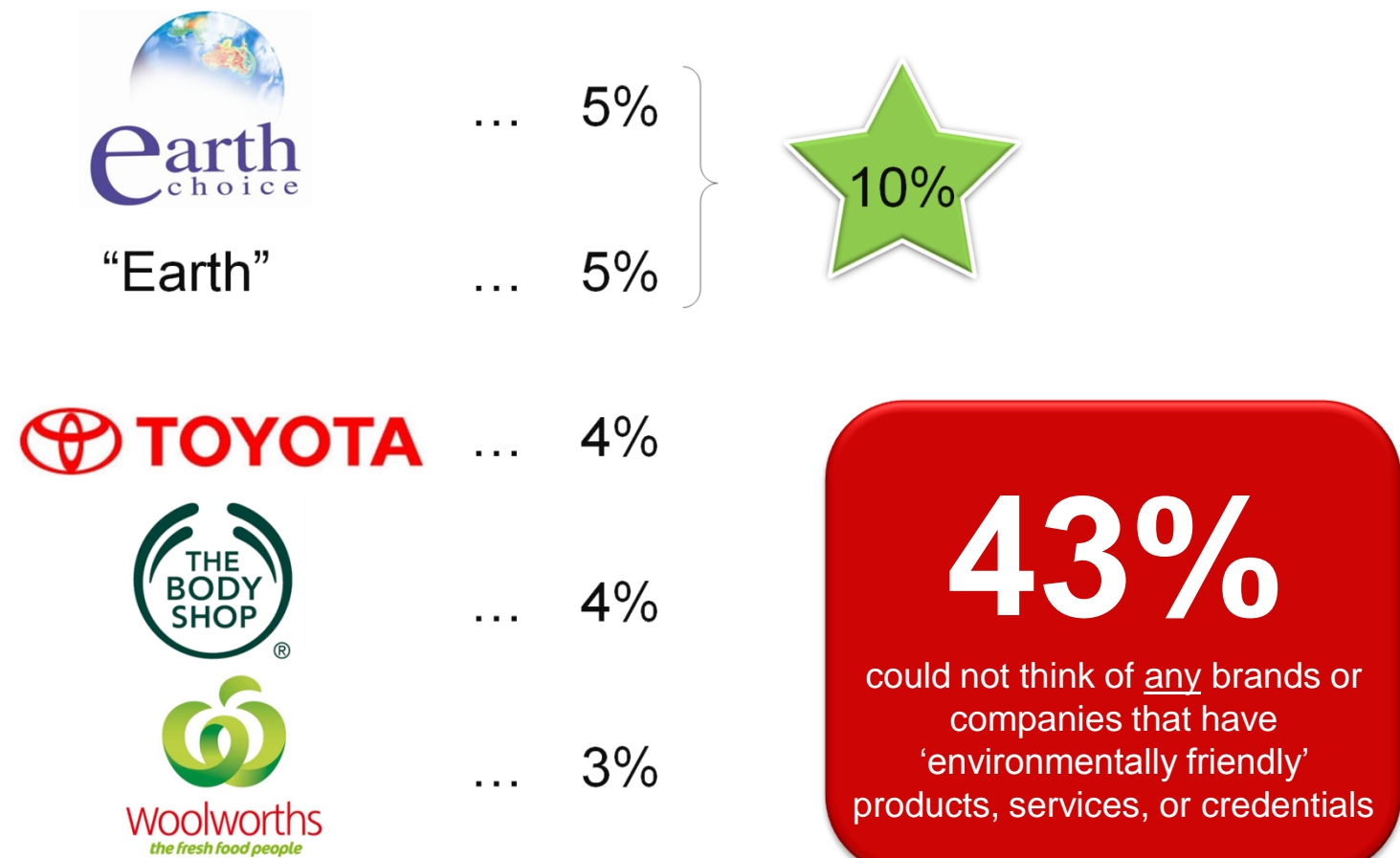
Source: Business Spectator Accenture CEO Pulse – 14-25 April 2010.

Base: n=55 CEOs from a diverse range of industry sectors (excludes those who have done nothing to engage their markets).

Question: What benefits has your company experienced as a result of engaging your customers/clients on environmental sustainability initiatives to date? [Multiple response]

# However, from the consumer perspective, there are no stand-out brands or companies with environmental credentials

## Brands / Companies Thought to Have 'Environmentally Friendly' Products, Services or Credentials (Unprompted)

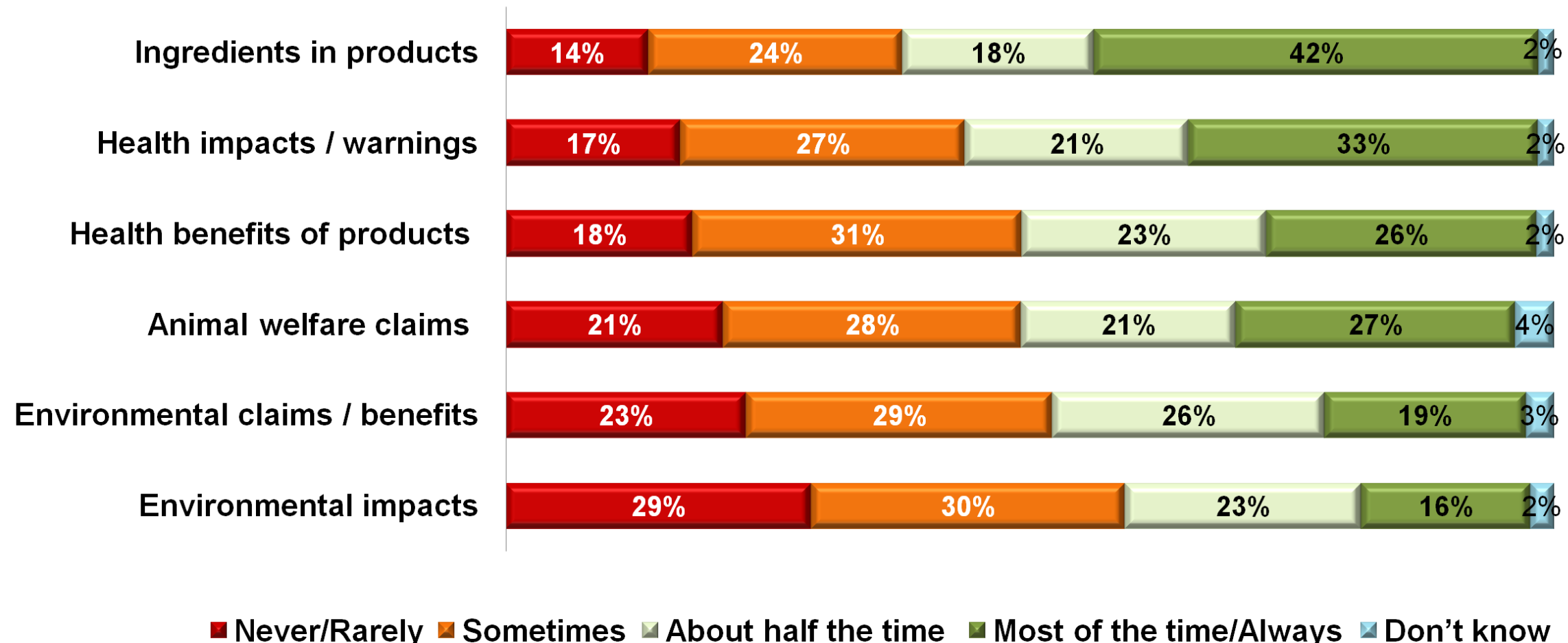


Base: All respondents (n=1,326).  
 Source: GA Research National Online Survey, 10 - 14 May, 2010.  
 Q: Which brands or companies do you think have 'environmentally friendly' products, services, or credentials?

- When it comes to consumers, they largely struggle to name any brands or companies they think provide 'environmentally friendly' products, services, or credentials. More than two in five respondents in our national survey (that's 43%) couldn't even mention a single brand.
- There are no stand-out brands. The number one brand mentioned was Earth Choice or "Earth". In total, one in ten respondents (10%) mentioned this brand without prompting.
- Coming in at equal second place are Toyota and The Body Shop at just 4%. A host of others follow at lower levels, with more than 150 different brands or companies mentioned in total.
- CEOs and sustainability managers we interviewed also struggled to name leaders in the "green economy" – the building industry stood out the most, but there was a strong sense that Australia as a whole is lagging behind other countries. Many also thought that the mining, resources and petro-chemical sectors are lagging behind.
- The environmental space could therefore be seen as very much ripe for the taking.

# Mixed views on consumers trusting companies: least trust associated with environmental impact claims

How Often Consumers Trust Australian Companies



Base: All respondents (n=1,326)

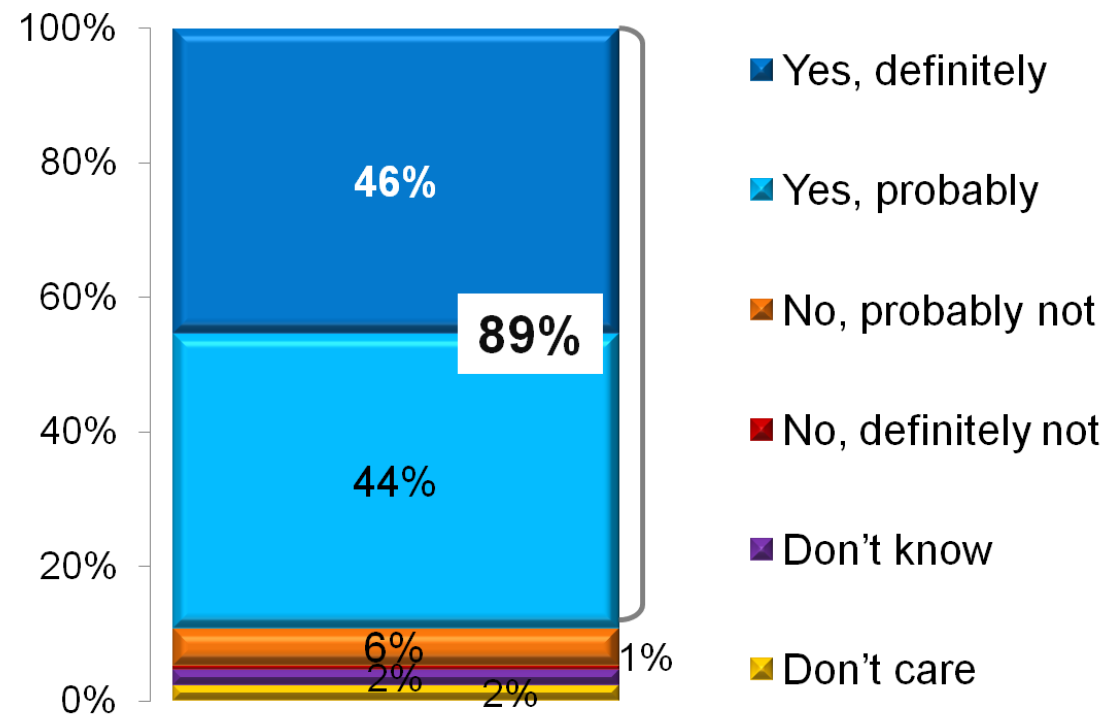
Source: GA Research National Online Survey, 10 - 14 May, 2010.

Q: Generally, how often do you trust Australian companies to tell you the truth about their products, services or activities when it comes to the following?

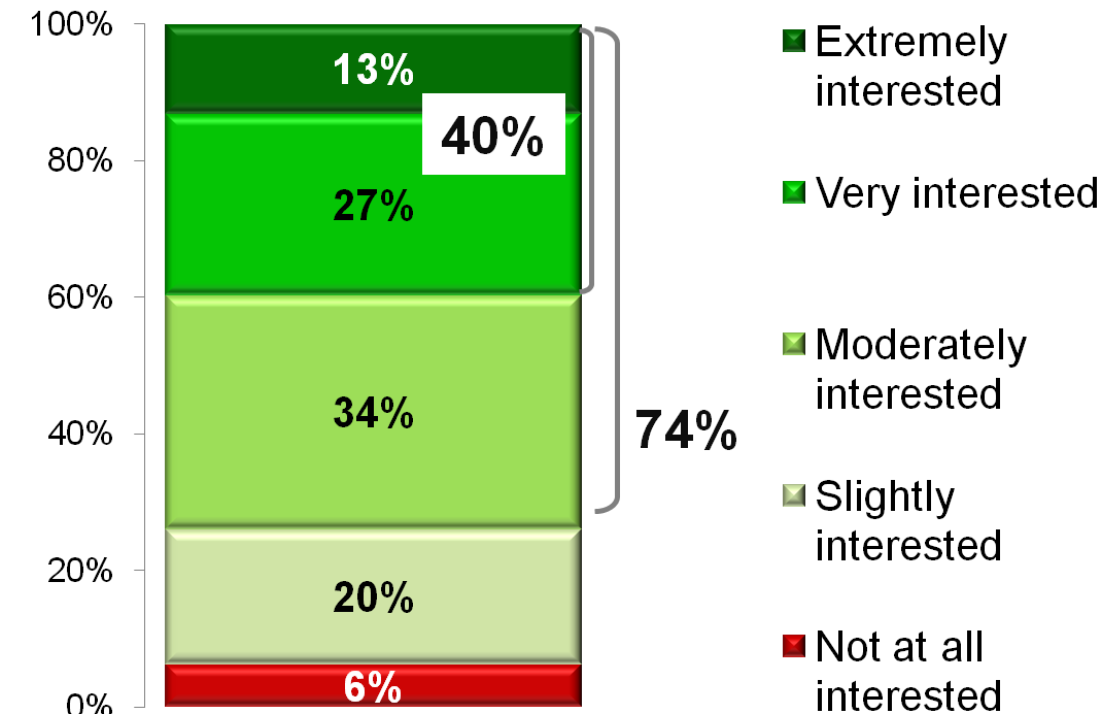
- Of various claims that companies are making about their products and services, the environmental ones are the least commonly trusted, with just 16% of respondents saying they always or most of the time trust companies to tell them the truth about the environmental impacts associated with their products or services, and 19% in terms of environmental claims or benefits.

# Consumers expect and want more in-depth environmental information

**Should companies provide more detailed environmental information?**



**Interest in accessing more detailed environmental information?**



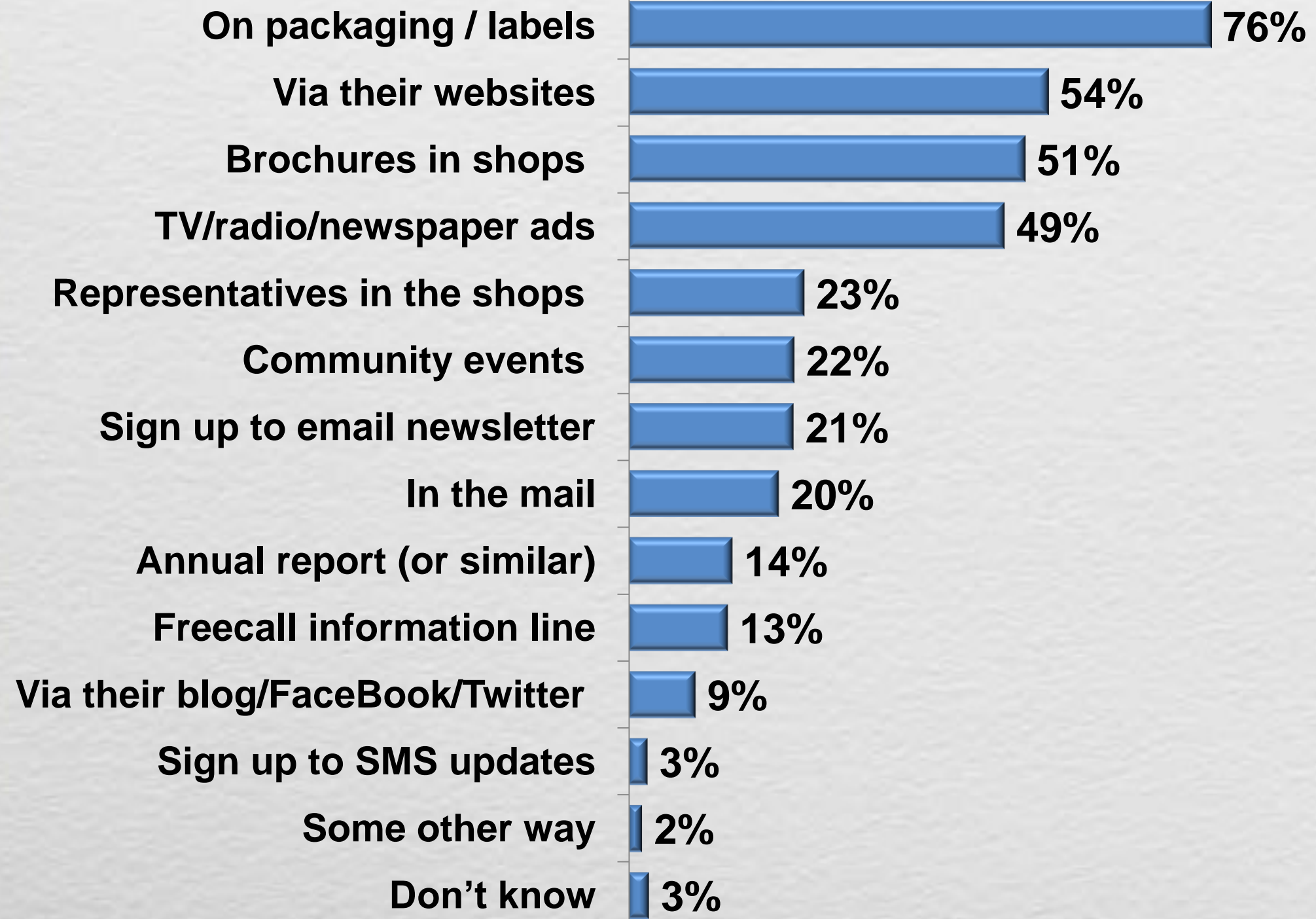
Base: All respondents (n=1,326). Source: GA Research National Online Survey, 10 - 14 May, 2010.

Q: Do you think companies in Australia should make more detailed, specific information available to customers and the community on the environmental impacts and benefits associated with their products, services and other aspects of their business?

Q: Generally speaking, how interested are you personally in finding out more detailed, specific information from companies about environmental considerations on their products, services or other aspects of their business? Such information could be on packaging, at the shops, on websites, at community events, in a sustainability report, via advertising etc.

- Respondents were asked whether they think companies in Australia should make more detailed, specific information available to customers and the community on the environmental impacts and benefits associated with their products, services and other aspects of their business. The answer was yes: almost nine in ten said yes 'definitely' or 'probably' (89%).
- We went on to ask how interested they were personally in finding out more detailed and specific environmental information. Almost three quarters (74%) were at least moderately interested – a very significant finding. It means consumers are hungry for more information. Not only could this potentially help them make better choices, but it could also help improve trust levels.

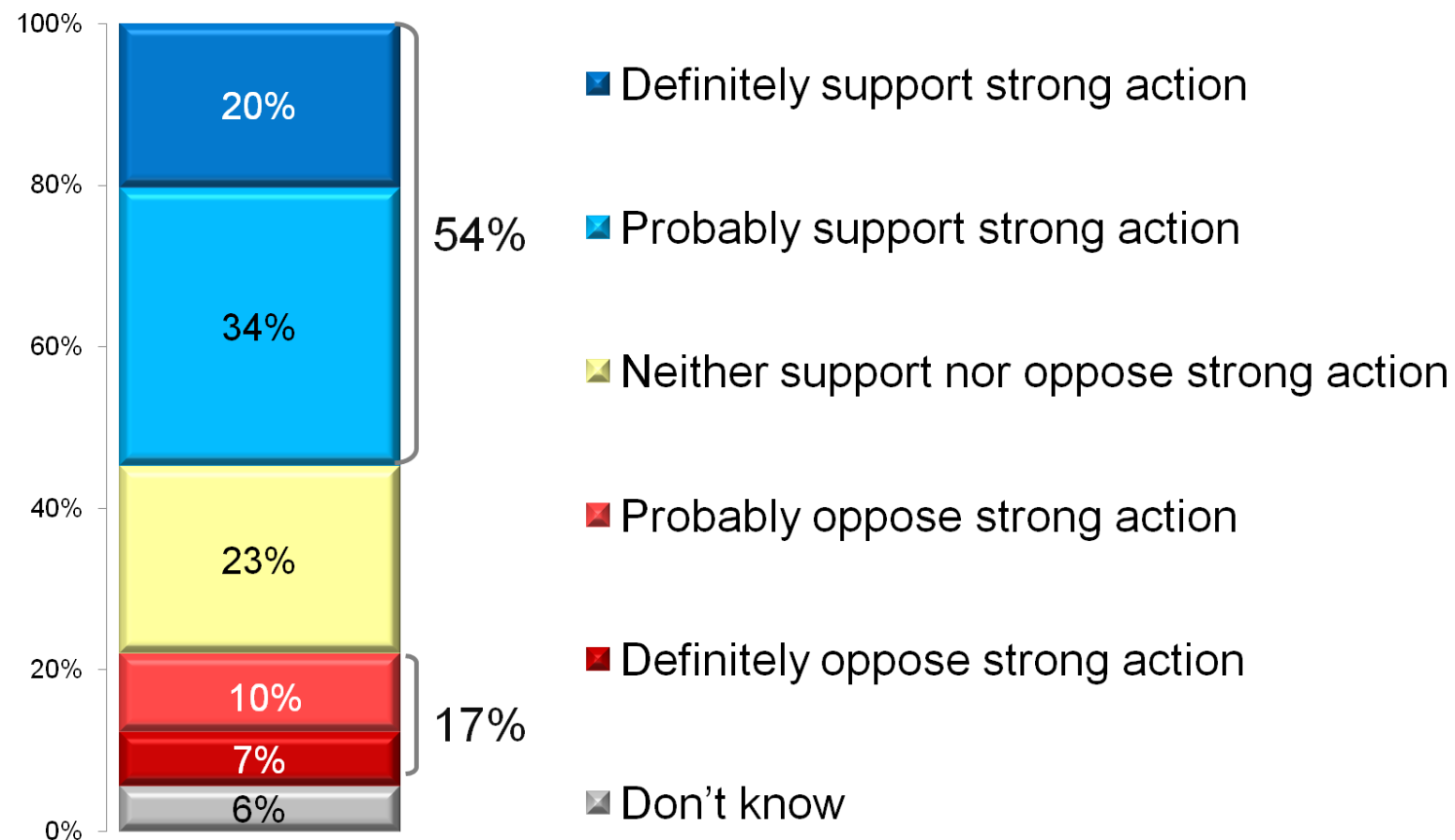
# Consumers want to be engaged in a variety of ways



Base: Respondents interested in more information (n=1,244). Source: GA Research National Online Survey, 10 - 14 May, 2010.  
Q: How would you most like to receive more specific information from companies on environmental considerations regarding their products, services or other aspects of their business? [Multiple Response]

# Majority of Australians support strong action on climate change, even if it means temporary reductions in economic wealth and employment

## Support / Opposition for Strong Climate Change Action from Government, Business and Community

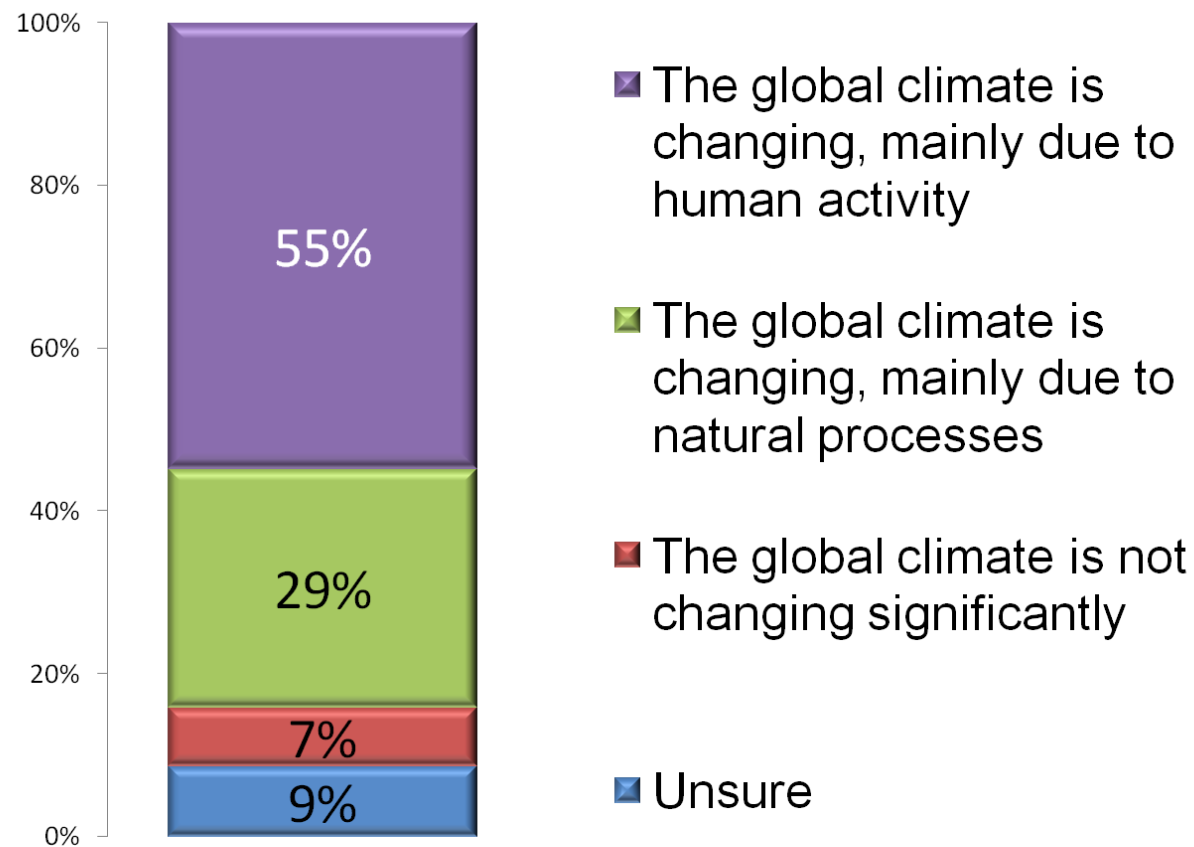


Base: All respondents (n=1,326). Source: GA Research National Online Survey, 10 - 14 May, 2010.  
Q: Would you support or oppose strong Government, business and community action on climate change in Australia, even if it means temporary reductions in economic wealth and employment?

- Consumers were asked if they would support or oppose strong Government, business and community action on climate change in Australia, even if it means temporary reductions in economic wealth and employment.
- The majority (54%) either definitely or probably supported this.
- Only a small minority of consumers (17%) were opposed.
- A fairly significant 23% neither supported nor opposed strong action on climate change – these results point to a need for more research.

# Majority of Australians subscribe to man made climate change – and far more of them support strong action

## Consumer Opinion on Climate Change

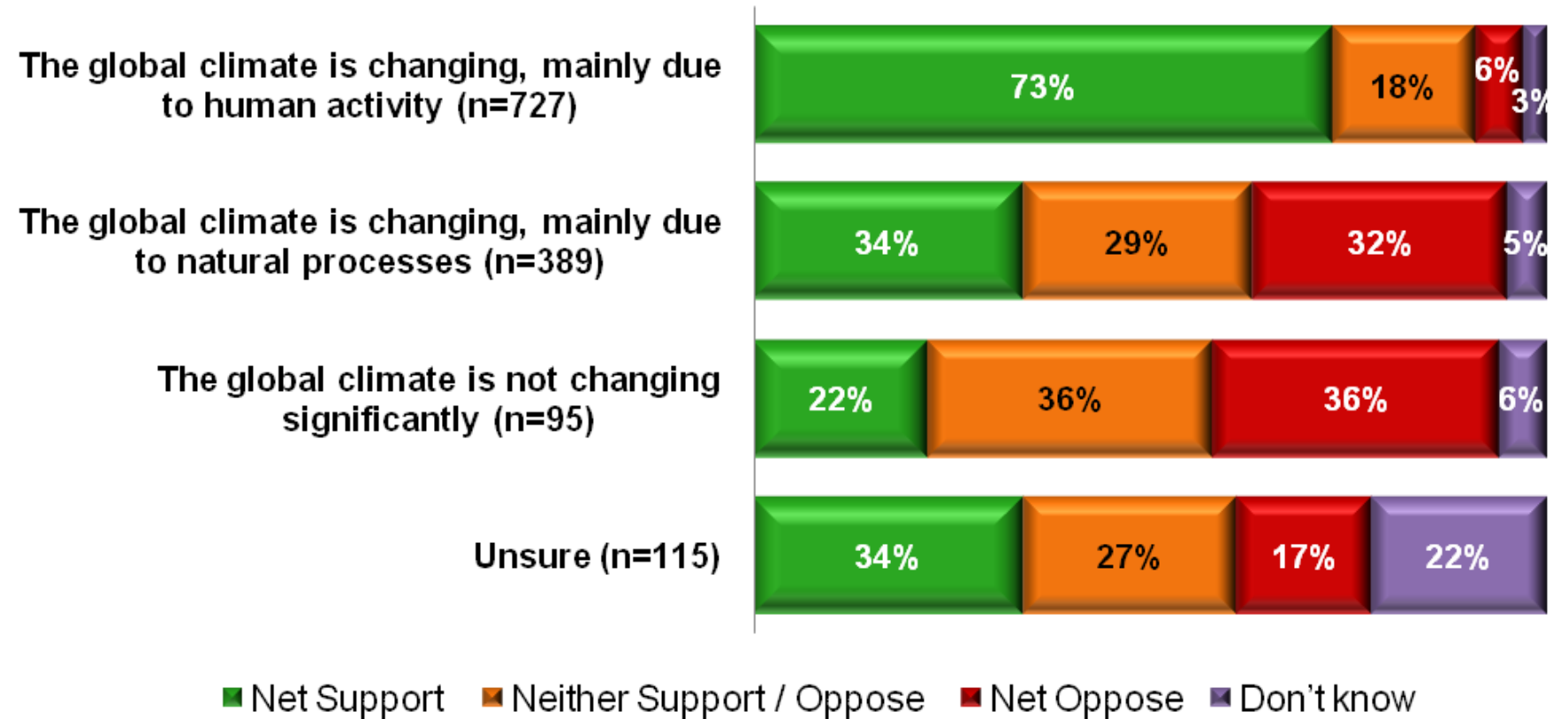


Base: All respondents (n=1,326)

Source: GA Research National Online Survey, 10 - 14 May, 2010

Q: Which of the following statements comes closest to your opinion about climate change?

## Climate Change Opinion by Support / Opposition for Strong Action on Climate Change



- When considering support and opposition among those with differences of opinion on climate change, those who subscribe to man made climate change are far more likely be supportive of strong action than those who think that the climate is changing mainly due to natural processes (at 73% net support compared with 34% respectively).

- Although these results may seem obvious, it could reasonably be concluded from this result that if more consumers could be convinced of the human contribution to climate change, then overall community support for strong action on climate change would rise.



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