

## **Offer characteristics determining perceived usefulness of environmental communication**

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To reduce the environmental impact of a firm's offers in comparison to the industry average is often both technically feasible and perceived as socially desirable. Oft-mentioned drivers for firms to decrease the environmental impact of their offers include changing consumer demands, current or future regulations and pressures from various stakeholders (Sarkis et al., 2010). In many situations, pollution can be viewed as a form of waste (Porter & Van der Linde, 1995), implying that reducing it should increase value creation.

However, problems often occur as the individual firm tries to capture the value created from lower environmental impacts. Because the good created (or bad reduced) is often of a public or common nature, the individual firm might struggle to appropriate the benefits created by an environmental orientation. Various business strategies aiming at resolving this dilemma have been proposed. Examples include the use of environmental communication or branding (Roe et al, 2001), the opportunity to increase prices due to decreased total cost of ownership or increased quality of the offer (Lankoski, 2000) or strategic alignment with regulatory or political support/subsidies (Rugman & Verbeke, 2000). We often do not know for what offers such strategies actually work, especially for very small firms that have few resources for broad marketing campaigns or political lobbying. This paper focuses on such firms, and on when informing their customers of an offer's low environmental impact facilitates the marketing of their offers.

A survey was sent out to the CEOs of 222 very small firms in a government database of Swedish cleantech firms. The response rate was 33 %. The respondents were asked to rank the extent to which they found environmental communication useful for marketing their offers. These responses were then compared (using an OLS regression model) to the degree of regulatory or policy support, eco-efficiency, claimed true environmental performance and relative economic performance of each firm.

The results indicate that supporting policy and claims of 'true' environmental performance are positively associated with perceived usefulness of environmental communication, that financial performance is not a predictor of perceived usefulness of environmental communication, and that cost saving eco-efficiency is not associated with environmental communication broadly, but negatively associated with one aspect of environmental communication: the perceived importance of a credible claim of environmental performance. Practical implications are that offers with supporting policy/legislation and high environmental performance are likely to see the most benefit from environmental communication activities. In contrast, offers that mainly create customer savings through high eco-efficiency are unlikely to see much benefit from environmental communication.

All in all, the studied characteristics of the green offers explained 25 % of the variation in the perceived usefulness of environmental communication, and 41 % of the perceived importance of being able to make a credible claim of low environmental impact.