

Growth goes green



Members of the House of Lords are calling on the Government to do more to tackle commercial and industrial waste, rather than focusing on household waste.

In the 'Waste Reduction' report produced by the House of Lords Science Committee they conclude that the Government should restructure the way local authorities deal with rubbish to allow them to address the high volumes of waste produced by the commercial and industrial sectors.

The report puts the blame for waste firmly at the door of business. Their Lordships' logic seems to be that businesses are just producing waste for the hell of it and that consumers consuming has very little to do with it.

Unfortunately the report's recommendations are already looking dated. Recent research shows that it is business not government that is leading the way on sustainability and surprisingly it's the world's biggest polluter taking the lead.

According to a recent survey from the American magazine *Industry Week*, 66% of US manufacturers believe there is a market for more expensive and greener products in their industry.

Over 300 North American manufacturing, operations and supply chain executives were asked to reveal where their greening efforts are being focused, how they're being managed and financed, and how the outlook for eco-products is changing.

The survey, conducted by EFT Research, discovered that the corporate mindset around environmental initiatives is changing, and the need to invest in innovative products and new technologies is growing.

With 77% of manufacturing executives in agreement that energy prices will rise significantly next year, the focus of operations budgets is turning sharply towards how to cut the dependence on oil. With this in mind, EFT asked respondents to pinpoint what real projects they are investing in, what the challenges and barriers have been, and where they are seeing a return on investment. The report revealed that the vast majority of respondents, 95%, agree that green manufacturing will continue to expand.

Furthermore, 66% believe there to be a market for more expensive and greener products in their industry. The finding showed that it's not just the increased profits that are driving green initiatives, 43% of respondents report that environmental imperatives have resulted in improved efficiency and product quality for their operation.

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Fat lot of good

Obesity is set to be the big food issue of the autumn as the Government continues to implement various policies to create a healthier nation.

The Department of Health's Change4Life anti-obesity programme will get into full swing in the coming months and the food and drink industry can expect to come in for criticism in the national press, especially those companies selling the dreaded 'junk food'.

But is this really fair? The industry is too often seen as the source of the problem rather than part of the answer. Child obesity is a real concern and parents, teachers and legislators all have a role to play in tackling the problem.

The latest research from media agency MPG's Fabric panel shows that parents accept that they have a responsibility to address the issue.

When asked which group most influences their child's eating habits, two-thirds of a panel made up of families believe that parents themselves are the most to blame for bad eating habits in children (Fig 1).

A total of 78% of the panel says that parents can do the most to ensure children eat a healthier diet. This compares to 5% who believe that TV broadcasters can do most by showing positive, healthy food ads. Just 4% believe that the responsibility lies with food manufacturers, which receive a lower share of the blame than the broadcasters that show their advertising.



Which of the following groups do you most think influence children's eating habits?

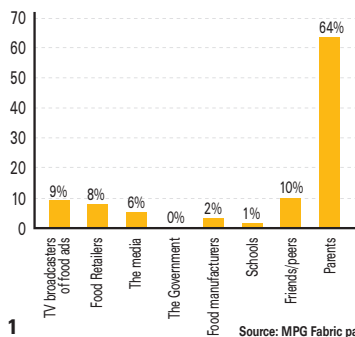


Fig 1

In fact the food industry and Advertising Association have committed significant sums to support the DoH campaign which is planned to run until the London 2012 Olympics and aims to reduce the rising level of obesity.

Clearly it's parents who feel that they are the factor that has caused the child obesity problem and the factor that has the most influence to promote change, not food manufacturers, the media, ad industry or even the Government.

Getting the message right will be key. Research shows parents welcome Government efforts to change their behaviour and that often it requires the shock tactics of anti-smoking advertising to achieve change.

When asked if a shock strategy would be an effective way of tackling obesity, 67% support the idea (Fig 2). As one respondent says: "Advertising can be used as a force for good, even when it uses shock tactics to play up to the guilt of parents."

The end of the world as we know it?

According to many commentators, the drop in house prices is an unmitigated disaster because it makes us all feel poorer, is this really the case? The reality is that far more people benefit from the lower cost of housing than suffer.

Obviously first time buyers will be chuffed – so long as they can get mortgages – because they have a chance of getting a foot on the lowest rung of property ownership at a lower multiple of their salaries and lower monthly outgoings.

Usually, the great majority of home-owners wanting to sell and buy another home want to trade up – to accommodate a growing family, to match increasing status or to improve their quality of life. In these circumstances a drop in prices actually helps them. If the market is 20% down in price they may lose £40,000 on what was last year a £200,000 house but will get what was a £300,000 house last year £60,000 cheaper.

Sure a few people who bought at the market peak are now facing the dreaded “negative equity” – which may be an uncomfortable feeling – but, unless they have an urgent need to move on, all they need to do is sit patiently and wait for prices to recover – as they surely will, eventually.

In fact there are relatively few losers. Mortgage defaulters will have big problems. The big regional differences mean that anybody moving from a cheaper region with fast falling prices



to a more expensive region where prices are holding up will suffer but it was ever thus. Anybody having to trade down – as often happens when couples split up – could find themselves losing more in the sale than they gain in the purchase.

But the biggest losers are likely to be those at the end of the chains – the elderly selling their last homes to move in with relatives or into residential care. Those inheriting properties after the death of parent will get less but they could let these properties until such time as the market picks up.

The real trouble is not the falling prices but falling transactions because of the unavailability of mortgages. Somebody will spot an opportunity in the coming months and find a way to lend profitably again. With a strong pent-up demand from delayed moves the trick is going to be to increase market activity without stoking up the prices too far again and that needs a big increase in the housing stock. The real villains of the piece are the house builders.

Their output has fallen since the peak of 2006 (despite the superheating of the market in 2007). Whilst existing house prices are currently falling at about 10% per year the prices of new homes were still rising at about 1%. They have been restricting supply to keep prices up. If the market won't cope, public housing should.

Do you think that a shock advertising campaign would be an effective way of tackling obesity?

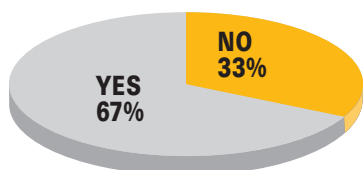


Fig 2

Source: MPG Fabric panel

Whilst the power of these messages will clearly have an effect, the lesson of the anti smoking and drinking campaigns is that the Government is in for a long haul. The shock tactics need PR communicating detailed but simple to understand information on how parents can improve their children's diets.

To make the changes stick we need an inclusive and positive approach, not lectures from the food police. Let's hope the DoH gets the balance right.

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To achieve results from green efforts 65% of respondents were investing in recycling and reuse programmes. Additionally water reduction programmes (58%), continuous improvement (54%), energy management (50%), environmental management (46%), materials management (36%), establishing a corporate green team (33%), and supplier management (32%) are all being used to make manufacturing leaner, greener and more profitable.

When asked how they view green manufacturing initiatives, 84% said that they see them as part of an overall optimization strategy.

Indeed, 96% of executives agree that environmental initiatives and traditional business objectives were

far from mutually exclusive, and can and should be combined to move businesses forward.

In the UK this view has been echoed recently by non-other than Sir Terry Leahy, chief executive of Tesco who said: "All too often, politicians and businessmen have said to me: 'You're a businessman, so surely you're opposed to the green agenda'"

"They think you cannot make a profit and go green. They think a consumer society cannot be a green society. And they believe that developing economies cannot afford to go green.

"From my perspective, this is all muddled thinking. I fundamentally disagree, and say that if we want long-term growth, we must go green."

Seen and Heard

"The word 'politics' comes from two words: 'poly' meaning many and 'ticks' meaning bloodsucking parasites. That's why I don't get involved."

Jamaican reggae star, Jimmy Cliff, being asked about his political views in a radio interview

"If you ever hear that the world's going to end tomorrow - move to Romania - we're about eight hundred years behind the rest of the world there."

Romanian Gypsy musician addressing the Womad audience.

"John Terry Vodka - made in London; bottled in Moscow."

The cruel taunt doing the rounds after Chelsea's defeat by Man U after the penalty shoot out in Moscow

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