ecomarkets 2009

Summary Report

Contents

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Executive Summary

Overview: Welcome to the third annual EcoMarkets Summary Report. The annual EcoMarkets omnibus studies are conducted by TerraChoice Environmental Marketing Inc. to inform clients, partners, and broader public audiences about the attitudes and practices of North American buyers towards environmentally preferable purchasing in both business-to-business (B2B) and business-to-government (B2G) contexts. This year TerraChoice partnered with three outstanding organizations: The National Institute of Governmental Purchasing (NIGP), the Purchasing Management Association of Canada (PMAC), and the BuySmart Network (formerly known as the Sustainability Purchasing Network) to disseminate the survey to thousands of professional purchasers across North America. The survey was completed by 587 professional purchasers in the United States and Canada.

Topics Explored and Lessons Learned

Two particularly topical subjects were explored in this year's study. First, we wanted to explore what effect the current state of the economy is having – and will continue to have – on "green" purchasing[1] in North America. We also wanted to learn what influence, if any, the American and Canadian federal governments would have on "green" purchasing.

According to the survey results, purchasers continue to buy "green" despite a downturn in the economy. Nearly eighty percent (79%) of purchasers who believe that North America is experiencing a short-term recession say that their organizations will continue to do more "green" purchasing in the next two years. And 84% of purchasers that believe we are experiencing a longer-term recession of three to five years say that their organizations will continue to expand their "green" purchasing. Therefore, "green" purchasing will remain strong, even as the economy continues to struggle its way out of recession.

What influence will federal governments in the United States and Canada have on the amount of "green" purchasing in North America? More than three quarters of purchasers (76.3%) believe that the Obama Administration in the United States will have a positive impact on "green" purchasing in North America; more "green" purchasing will occur as a result of the Obama Administration's policies. The greatest percentage of purchasers (42.4%) believe that the Harper government in Canada will have no impact whatsoever on the amount of "green" purchasing in North America; green purchasing will neither increase nor decrease as a result of the Harper government's policies.

This year, we also examined more general "green" purchasing trends. For instance, we learned that a popular way to support and influence "green" purchasing is through the development of organization-wide sustainability policies and/or "green" purchasing policies. Most North American organizations have either already implemented a sustainability policy and/or "green" purchasing policy, or have plans to implement such policies in the near future. More than half (56.5%) of organizations have either a formal or informal organization-wide sustainability policy, and of the 41% that do not, 53% plan to implement one in the near future. Similarly, 57% of organizations either have a formal or informal "green" purchasing policy; and 54% of those organizations without one have plans to implement one soon.

Policies do not necessarily translate into desired behavior; however, in the case of "green" purchasing, it would seem that an increase in "green" purchasing or sustainability policy development directly correlates with an increase in "green" spending. Not surprisingly, we also learned that in general (across most product categories); the most important purchasing factor continues to be "performance". Certainly "availability", "durability", and "purchase price" are also extremely important to purchasers. "Environmental considerations" rank fourth on the list of importance.

If "performance" and "price" continue to be two of the most important purchasing factors, how do "green" products stack up against conventional (or non-environmentally preferable) alternatives? The majority of purchasers say that in terms of performance, there is no discernable difference between "green" products and their conventional alternatives; however, most purchasers perceive that "green" products still cost more.

There is no doubt that the "environment" is a mainstream issue. Buyers understand that the purchasing decisions they make on a daily basis are connected to one, some, or all of the top environmental issues of our day – such as "human health" and "energy conservation" issues (the two most important environmental issues according to purchasers). Although the future of "green" purchasing appears to be promising, more can be done to stimulate growth in "green" markets. Three quarters (75%) of purchasers believe "more competitive pricing for green products" will encourage an increase in "green" spending. When it comes to selecting "green" products, eco-labels can increase trust and confidence in "green" products. In fact, 88% of purchasers use and/or recognize at least one eco-label. In the United States, Energy Star, Green Seal and EcoLogo are the top three most recognized eco-labels with recognition rates of 88%, 61% and 59% respectively. In Canada, the top three most recognized eco-labels are Energy Star, EnerGuide, and EcoLogo, recognized by 81%, 76% and 62% of purchasers respectively.

[1] According to the United Nations Development Programme (UNDP), "green" or environmentally preferable purchasing is the selection and acquisition of products and services which have less impact on the environment and human health compared with competing products or services.

Introduction

Monitoring the Pulse of "Green" Procurement and Supply-chain Management in North America

The EcoMarkets™ 2009 Summary Report represents the continuing commitment of TerraChoice Environmental Marketing to help grow the world's most sustainable companies. The EcoMarkets annual omnibus studies inform clients, partners, and broader audiences about the attitudes and practices of North American buyers towards environmentally preferable (or "green") purchasing in business-to-business (B2B) and business-to-government (B2G) contexts. This third annual EcoMarkets Summary Report combines both current and longitudinal results from the past two years. This report is a public summary of research conducted from April to July 2009 in partnership with these outstanding organizations: the National Institute of Governmental Purchasing (NIGP), the Purchasing Management Association of Canada (PMAC), and BuySmart Network (formerly the Sustainability Purchasing Network).

EcoMarkets™ is a primary market research product of TerraChoice Environmental Marketing. EcoMarkets research studies provide essential product and sector specific market intelligence to clients by designing and delivering end-to-end research studies and expert analyses to meet clients' needs. To learn more about our customized market research solutions contact TerraChoice at (ecomarkets@terrachoice.com or 1.800.478.0399).

Blending Statistics, Analysis, and Insights

This year's summary report contains the original 2009 survey results as well as statistical analyses conducted by TerraChoice. More detailed and customized analyses are available upon request.

The survey was completed by 587 professional purchasers in the United States and Canada between April and July 2009. Conservative calculations indicate that the results drawn from mutually exclusive questions are accurate to within plus or minus 4.04 percentage points, 19 times out of 20.

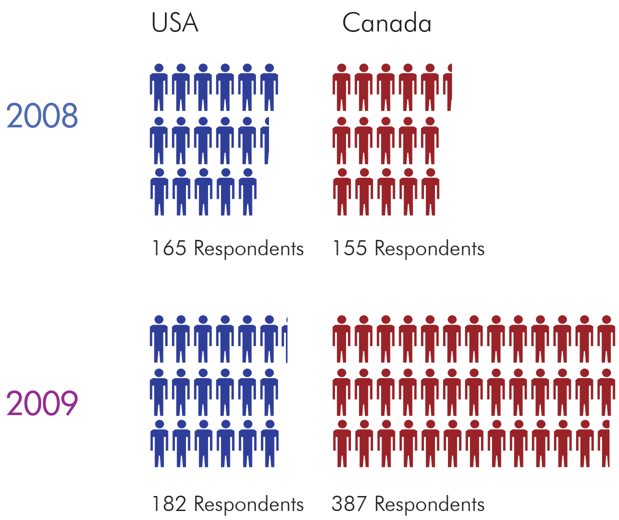
Where possible, we have included longitudinal results from previous EcoMarkets studies. By asking the same questions to either the same or different groups of people, we are able to measure purchasing attitudes, or habits, to see and understand how they are changing over time.

All figures and charts are expressed in percentages or on a mean rating scale. In several instances, we have rounded figures to the nearest percent; therefore, there may be instances where the figures do not add up exactly to 100%.

Survey Respondents

In May 2008, the United States Bureau of Labor Statistics reported that 579,800 Americans held procurement-related jobs, including purchasing managers, purchasing agents and buyers, wholesale and retail buyers, and procurement clerks. The 2008 Statistics Canada Labor Force Survey reports that 124,000 Canadians held similar procurement-related jobs.

Respondent Location
Each figure represents ten (10) purchasers

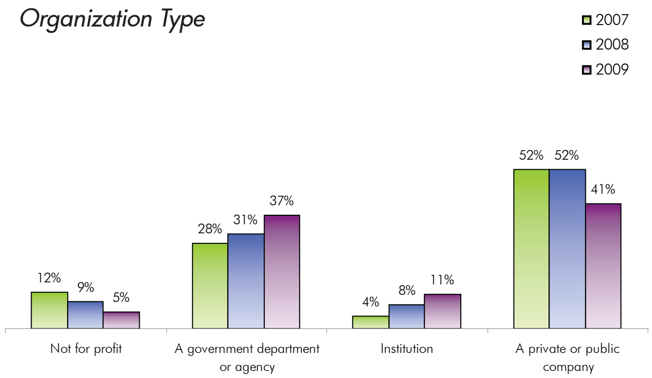


With the help of our partners – NIGP, PMAC, and the BuySmart Network – we invited thousands of these procurement professionals across a broad range of sectors to participate in the EcoMarkets 2009 study, surpassing the 2008 American and Canadian response rates by nearly 110% and 250% respectively. Thirty-one percent (31% or 182 individuals) of respondents work for organizations based in the United States, while 66% (387 respondents) work for organizations based in Canada. In 2008, 49% of respondents worked for organizations based in the United States (165) and 46% (155) in Canada.

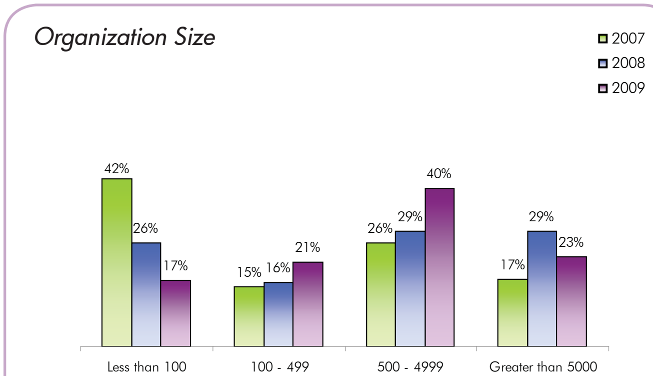
The greatest percentage of respondents (40.8%) work for a public or privately held company; 37.1% work for a government department or agency; 11.3% for an institution; and 5.3% for a not-for-profit organization.

In terms of organizational size, the largest group of respondents (39.6%) work for organizations that employ between 500 and 4999 people. Nearly twenty-three percent (22.6%) work for very large organizations employing more than 5000 staff; 21.2% for organizations that employ between 100 and 499 people; and 16.6% for organizations with less than 100 employees.

Organization Type



Organization Size



Survey Respondents

The level of purchasing authority represented in this year's study is high. More than three-quarters of our respondents (81.6%) either develop the purchasing policy for their organization directly or have input into the development of their organization's purchasing policies (34.6% and 47% respectively). A minority of respondents (18.4%) follow purchasing policies mandated by their superiors.

Diverse Purchasing Expertise

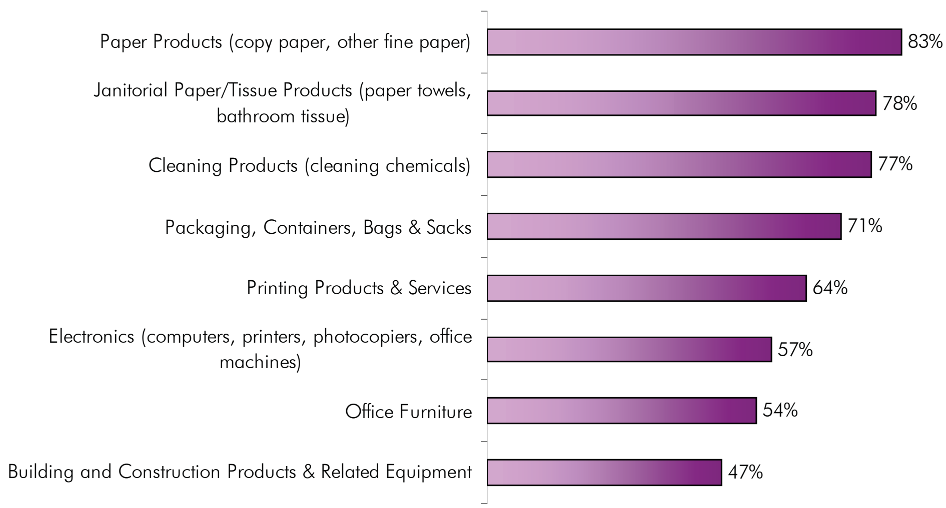
For the majority of product categories/groups (with building and construction products and related equipment being the only exception), more than half (53.5%) of the respondents have purchasing expertise within that group. The category with the highest percentage of respondents with purchasing expertise is the paper products category (83%), followed closely by the janitorial paper/tissue products category (77.5%), and the cleaning products category (77.2%). Approximately seventy-one percent (71.4%) of respondents have experience purchasing packaging-related products.[2]

This year's EcoMarkets respondents are directly responsible for collectively spending $24 billion a year. In total, their organizations spend more than $68 billion each year.

Methodological Limitations

Respondents were invited by email to participate anonymously in an online survey. There are two main limitations to this methodology. First, due to the nature of the subject, the survey may attract respondents with a predisposition towards "green" purchasing. Second, some interpretation was required by respondents when answering some of the questions and there may be some variation in this interpretation.

Purchasing Expertise by Product Category (2009)



[2] We asked survey respondents to compare both performance and cost of "green" products in relation to conventional alternatives across these product categories: building and construction products and related equipment; cleaning chemicals; electronics (such as computers, printers, photocopiers, and office machines); janitorial paper/tissue products (such as paper towels and bathroom tissue); office furniture; packaging, containers, bags, and sacks; paper products (such as copy paper and other fine paper); and printing products and services. Respondents who rated both the performance of "green" products and the cost of the "green" products in comparison to conventional (or non-environmentally preferable) alternatives are considered to have purchasing expertise within that product category. (Respondents who skipped one or both of the questions, and/or responded "no experience / I don't know" are assumed not to have purchasing expertise within that particular product group).

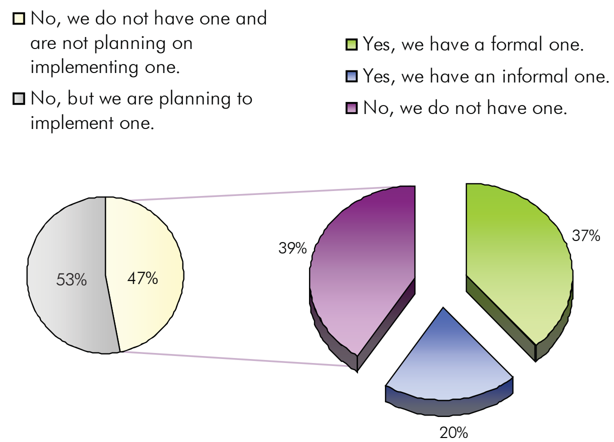
Sustainability Policies

Most purchasers work for organizations that either have a formal or an informal sustainability policy (37% and 19.5% respectively). Of the nearly thirty-nine percent (38.9%) who indicated that their organization does not have such a policy, fifty-three percent (53%) plan to implement one in the near future.

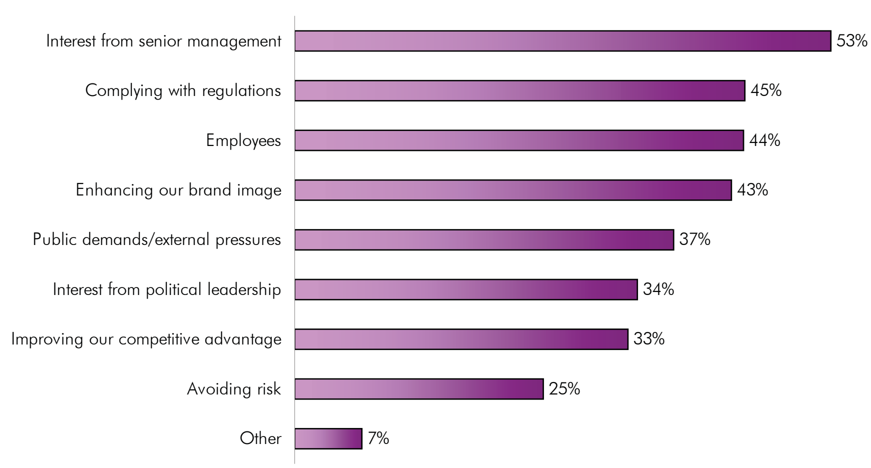
Purchasers were asked to select the factors that motivated their organization to implement an organization-wide sustainability and/or environmental policy. Allowing for multiple responses, "interest from senior management" (53%) was the most frequent response selected, followed by the "need to comply with regulations" (44.5%). The option "employee demand" was selected by 44.3% of purchasers, rounding out the top three reasons for organizations to implement a sustainability or environmental policy.

Organizations with Sustainability and/or Environmental Policies

**Not asked in 2008*



Factors that Motivate Organizations to Implement Sustainability/Environmental Policies (2009)

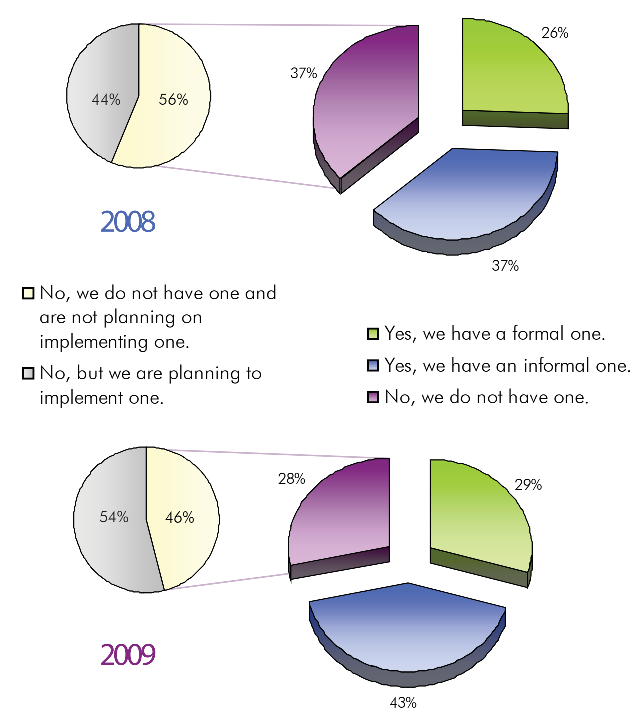


Green Purchasing Policies

The prevalence of "green" purchasing policies is on the rise; in 2008 approximately 63% of purchasers indicated that their organization has implemented either a formal or informal "green" purchasing policy and this figure increased to 72% in 2009. Of the 28% of purchasers who work for organizations without a "green" purchasing policy, 54% indicated that their organization has plans to implement one, compared to 44% percent in 2008. This is a good sign for the continued growth of "green" markets and a good sign that organizations still consider purchasing policies to be an effective tool for promoting "green" purchasing within their organizations.

Approximately seventy-eight percent (78.4%) of organizations with either a formal or an informal organization-wide sustainability/environmental policy also have a "green" purchasing policy and an additional 10.5% plan to implement one in the near future. Twenty-seven percent (27.1%) of organizations without an organization-wide sustainability/environmental policy have a "green" purchasing policy and 37.8% plan to implement one.

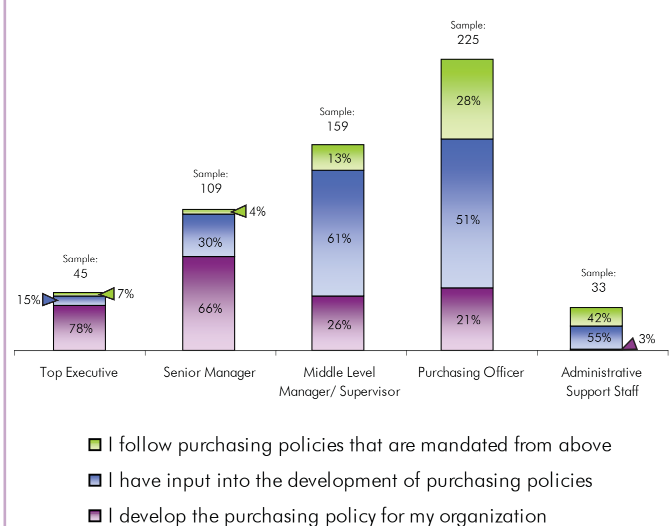
Prevalence of Green Purchasing Policies



Of those planning to implement an organization-wide sustainability/environmental policy, 58.1% indicated that their organizations are also planning to implement a "green" purchasing policy.

Interestingly, 51% of purchasers who work for organizations that do not have plans to implement a "green" purchasing policy still plan to do more "green" purchasing in the next two years. Therefore, while policies are certainly important and can be an effective way for organizations to increase their "green" purchasing, they are not an absolute indicator for increased "green" spending.

Percentage of Purchasers with Influence in the Development of Purchasing Policies (by job type)



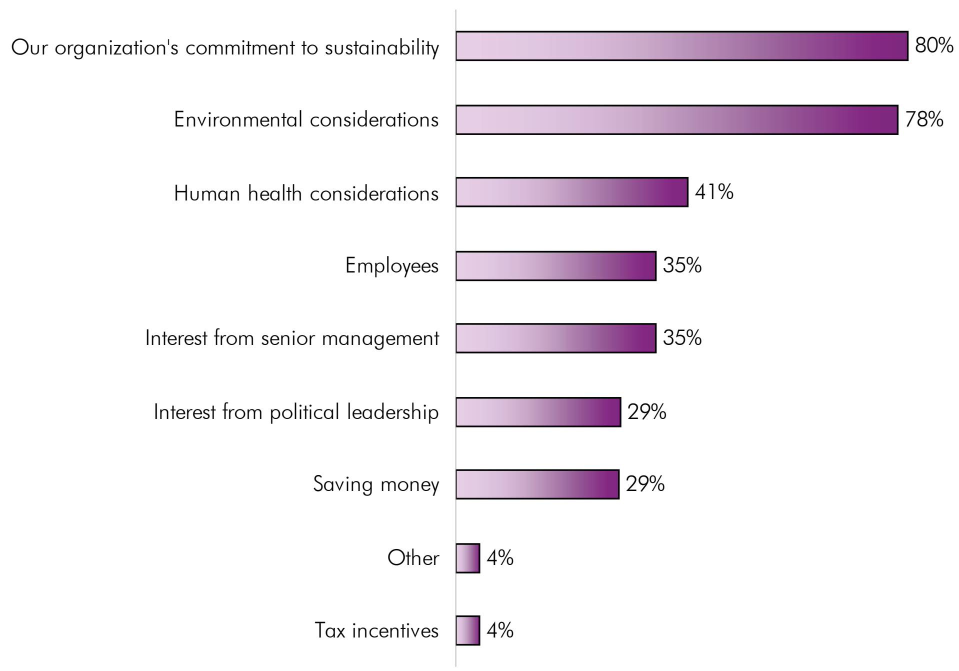
While purchasing policies are often developed by senior management, results show that employees at almost every level of the organizational hierarchy have input into their development. Only 17% of purchasers who indicated that they develop the purchasing policy for their organizations are top executives; 36% are senior managers; 21% are middle level managers; and 24% are purchasing officers. These results indicate that regardless of seniority, purchasers have the potential to influence the development of policies that can positively affect their organization's "green" purchasing.

Green Purchasing Policies

What factors motivate organizations to implement "green" purchasing policies? While "interest from senior management" and "employees" are two of the main factors that influence organizations to implement an organization-wide sustainability/environmental policy, these same two factors appear farther down the list when it comes to motivating companies to implement "green" purchasing policies. The main factor that motivates organizations to implement a "green" purchasing policy is the "organization's commitment to sustainability" (suggesting that for many organizations, developing a "green" purchasing policy may be one of the first steps taken towards greater sustainability). Allowing for multiple responses, 80% of purchasers chose this factor, followed closely by "environmental considerations" (78%). "Human health considerations" rounds out the top three factors that motivate organizations to implement a "green" purchasing policy (selected by 40.9% of purchasers).

51% of those who work for organizations that do not plan to implement a green purchasing policy still plan to do more "green" purchasing in the next 2 years.

Factors that Motivate Organizations to Implement "Green" Purchasing Policies (2009)



Green Purchasing Behaviors

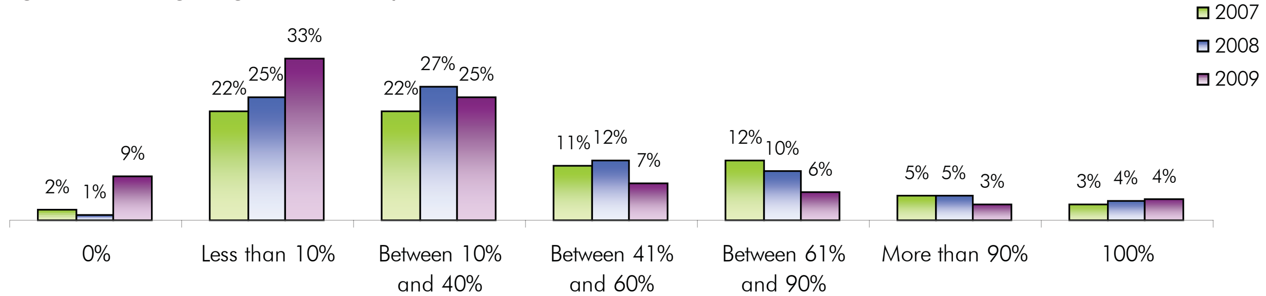
Conservative estimates indicate that about fourteen percent (14.2%) of purchasing budgets are influenced by "green" or environmental factors.

> 14.2% of purchasing budgets are influenced by environmental factors.

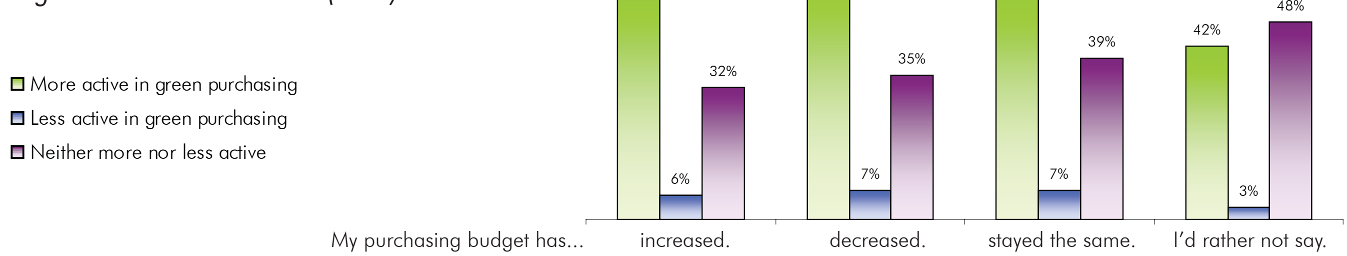
Nearly one-third of purchasers (32.5%) say their budgets are influenced by environmental or "green" factors only 10% (or less) of the time; 25% say their budgets are influenced by these factors between 10% and 40% of the time. Since 2007, the average percentage of organizational spending influenced by environmental factors has steadily decreased, with the exception of purchasers claiming that 100% of their purchasing is influenced by environmental or "green" factors. (The number of purchasers who claim that their entire purchasing budgets are influenced by "green" factors has stayed remarkably consistent – between 3% and 4% – over the past three years). This decrease in organizational spending influenced by environmental factors could be due to a variety of reasons. First, a sample selection this year attempted to further reduce the pro-green self-selection bias[3]. Second, today's economic climate may also be affecting how budgets are being spent and how much of an influence environmental or "green" factors are allowed to take precedence over other purchasing factors, such as purchase price, durability, and total cost of ownership. In fact, all of these purchasing factors, plus product performance and availability, have increased in importance to purchasers since 2008, while the relative importance of environmental factors has remained the same.

Of the 21.2% of purchasers whose budgets increased over the past 12 months, 57% were more active in "green" purchasing. Of the 37.5% of purchasers whose budgets decreased, 60% were more active in "green" purchasing. Finally, for purchasers whose budgets have neither increased nor decreased (30.8%), 57% were more active in "green" purchasing. Therefore, regardless as to whether purchasing budgets have increased, decreased, or remained the same over the past 12 months, organizations have been more active in "green" purchasing.

Percentage of Purchasing Budget Influenced by Environmental Factors



Level of Green Purchasing Activity relative to Purchasing Budgets over the Past 12 Months (2009)



[3] While the nature of this subject could have attracted purchasers with a predisposition towards "green" purchasing, efforts were made to reduce this bias more so than in previous years. For instance, we stressed the importance for all purchasers – regardless as to whether or not they consider themselves to be "green" purchasers to complete this survey. We also partnered with purchasing organizations that have more diverse/representative memberships.

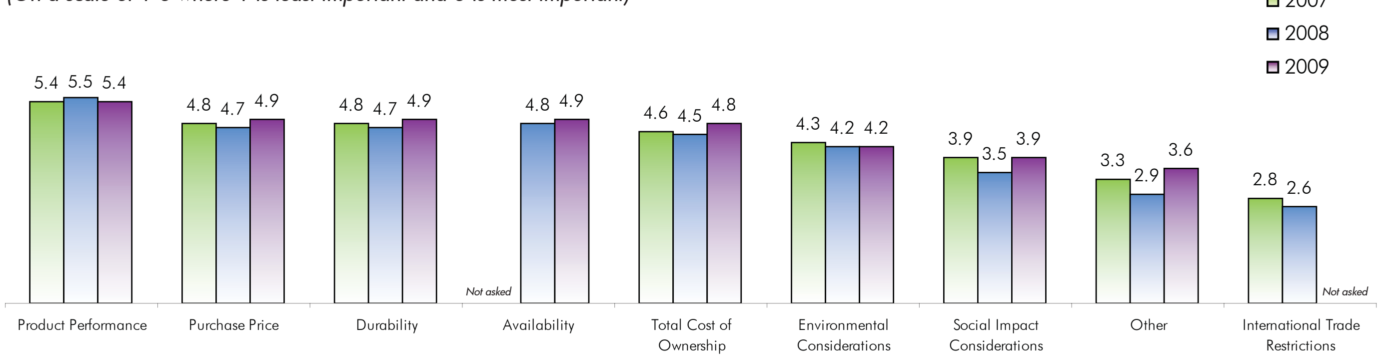
Purchasing Factors

To understand the relative importance of environmental factors, purchasers were asked to situate environmental considerations relative to traditional purchasing factors, such as product performance, purchase price, and durability. Purchasers ranked the relative importance of each purchasing factor on a scale of 1 (least important) to 6 (most important).

The most important purchasing factor to purchasers is "product performance"; this factor has consistently received the highest mean ranking since 2007. The importance of "availability", "durability", "purchase price", "total cost of ownership" and "social impact considerations" have increased in relative importance since 2007 (2008 in the case of "availability"). The importance of environmental considerations to purchasers has not changed since the release of the EcoMarkets 2008 Summary Report and continues to be ranked below "product performance", "availability", "durability", "purchase price", and "total cost of ownership". However, since several factors are of equal importance to purchasers ("availability", "durability", and "purchase price" received equal mean rankings), "environmental factors" is the fourth most important purchasing factor even though it appears to be in sixth position.

For marketers, emphasizing the performance and durability attributes of "green" products, as well as their price competitiveness, may be very important to build market share. Promoting a product's environmental importance may also be very effective but in many instances, environmental attributes alone may not convince purchasers to choose greener products; greener products should address more traditional purchasing factors in addition to environmental attributes.

Relative Importance of Purchasing Factors
(On a scale of 1-6 where 1 is least important and 6 is most important)

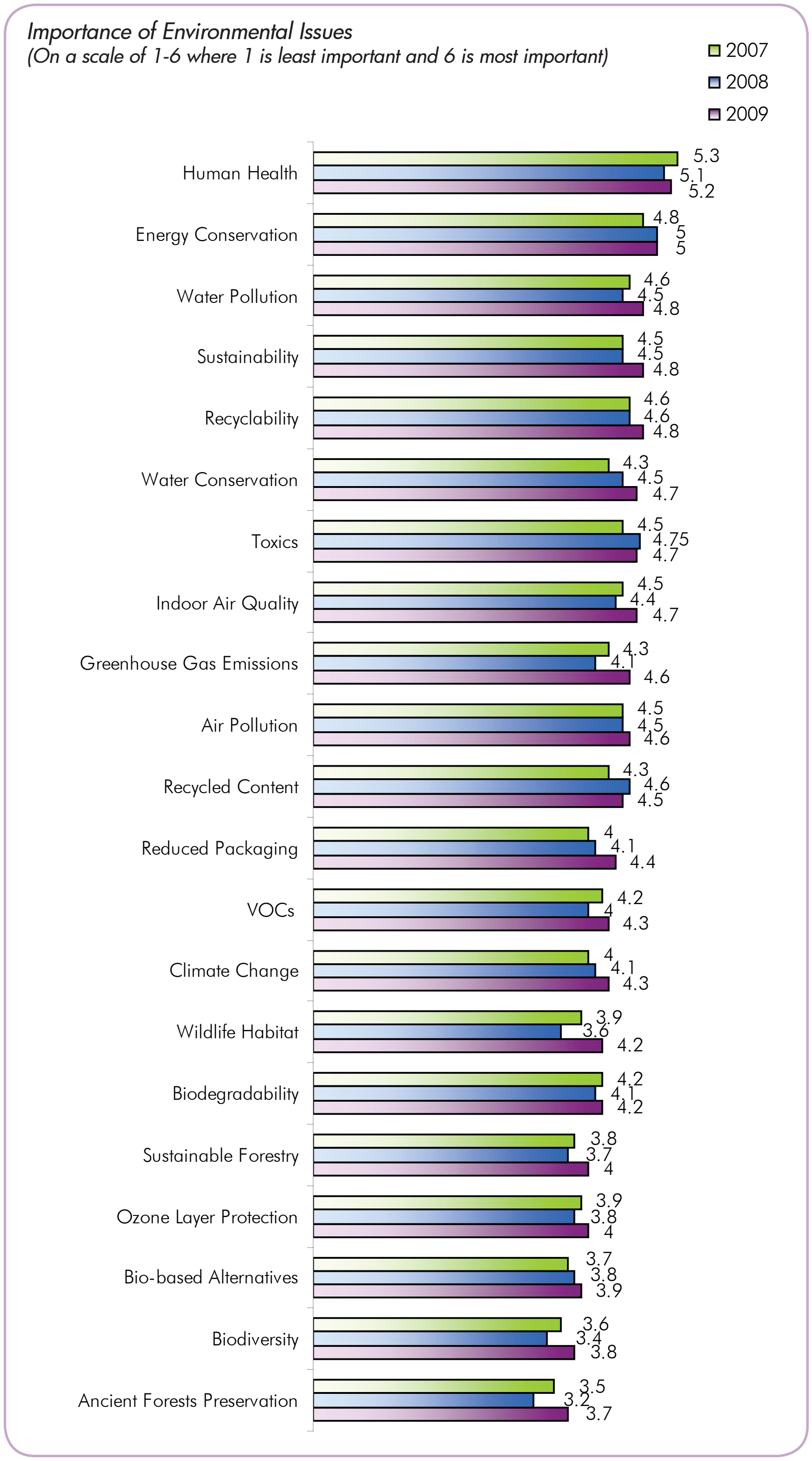


Environmental Factors

In 2008, purchasers ranked "human health", "energy conservation", "toxics", "recyclability", and "recycled content" as the top five most important environmental issues. In 2009, "human health" and "energy conservation" continue to occupy these top two positions; however, the relative importance of other environmental issues has changed over the past year.

One of the more obvious changes is the decrease in the importance of "toxics". In 2007, procurement professionals across North America ranked toxics the second most important of all environmental issues. In 2008 it ranked third and in 2009 it fell to the fourth position, tied in importance with "water conservation" and "indoor air quality" (each with a mean ranking of 4.7). Although it ranked fourth, five environmental issues occupy the space ahead of toxics; the importance of toxics to purchasers fell behind the issues of "human health" (5.2), "energy conservation" (5), "water pollution" (4.8), "sustainability" (4.8), "recyclability" (4.8), and water conservation (4.7).

Increasing the most in terms of relative importance is the issue of "sustainability", a term that has been appearing more and more frequently in mainstream media. "Sustainability" moved from a shared fifth position in 2007 and 2008 to the third position with a mean ranking of 4.8 (tied with water pollution and recyclability).



The Economy's Impact on Green Purchasing

More than half of North American purchasers (53.5%) believe North America is in a short-term recession (1 – 2 years); 40.3% believe we are in a longer-term recession (3 – 5 years), and 5.4% believe we have entered into a depression. Less than one percent (0.9%) of purchasers deems the economy to be "just fine".

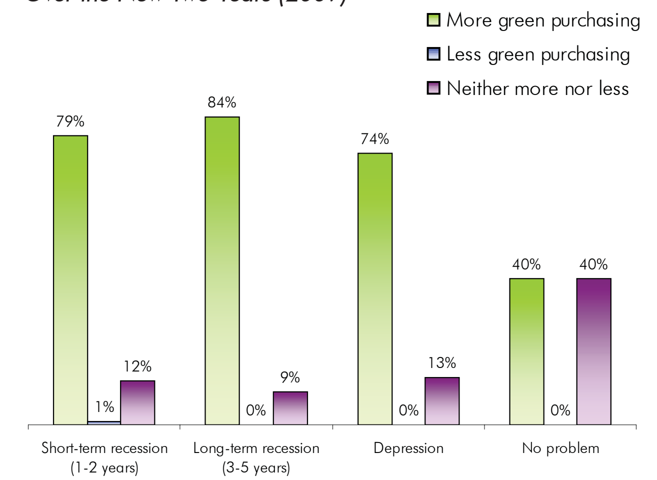
To understand the potential impact the economy has had on purchasing activity across the United States and Canada, we compared these results with the projected amount of "green" purchasing expected to occur over the next 24 months (2 years). Despite their personal views on the state of the economy, the majority of purchasers anticipate that their organization will do more "green" purchasing over the next two years. Here are the specific findings:

- 79% of purchasers who believe North America is experiencing a short term recession (1 – 2 years) anticipate that more "green" spending will occur;
- 84% of those who believe that North American is experiencing a longer term recession (3 – 5 years) expect their organizations will do more "green" spending; and
- 74% of purchasers who believed at the time of this study that the North American economy had entered into a depression still anticipated an increase in "green" spending.

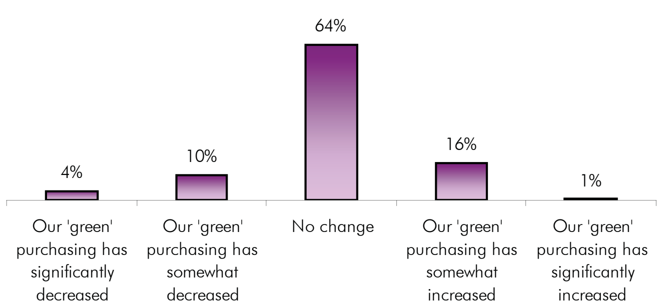
Interestingly, of the small minority of purchasers who feel that there is no problem with the economy, only 40% expect that their organization will do more "green" purchasing over the next two years.

We asked buyers how they believe the state of the economy has influenced the amount of "green" purchasing relative to "regular" purchasing. Relative to "regular" purchasing, 64.1% of purchasers reported no change in the amount of "green" purchasing; 15.6% reported a slight increase in the amount of "green" purchasing; and less than one percent (0.5%) reported a significant increase. Approximately ten percent (10.4%) reported a slight decrease in the amount of "green" purchasing relative to "regular" purchasing and 3.8% reported a significant decrease.

Purchasers' Perceptions on the Current State of the Economy Relative to their Organization's Green Purchasing Outlook Over the New Two Years (2009)



Purchasers' Perceptions on How the Economy has Impacted the Level of "Green" Purchasing Relative to "Regular Purchasing" (2009)



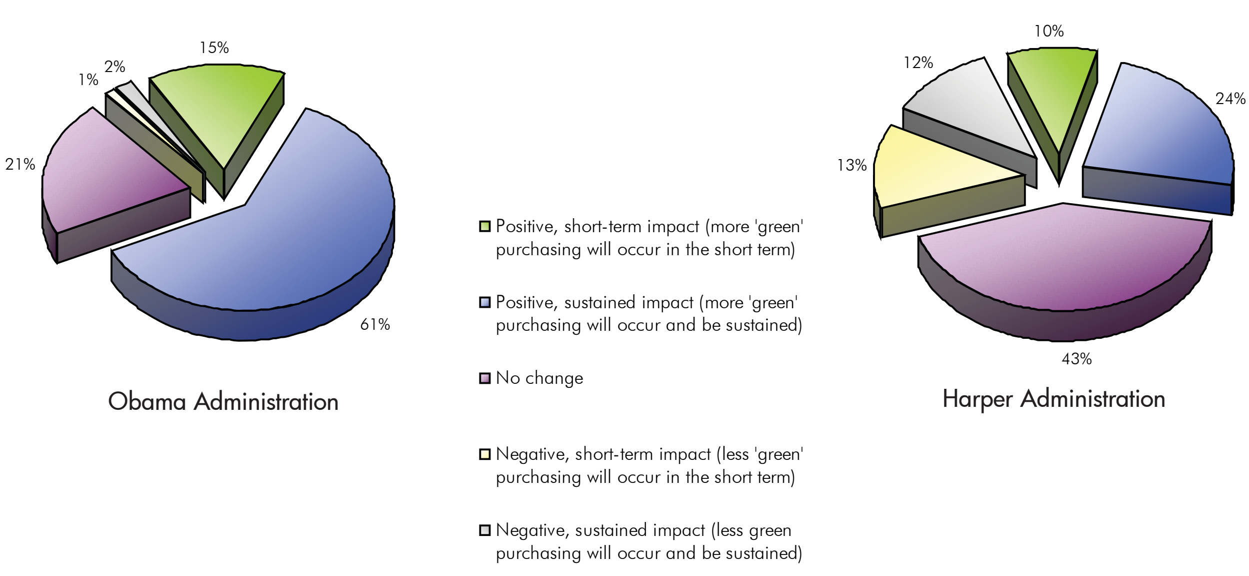
Political Leadership

Federal-level policies are certainly capable of influencing purchasing policies and behaviors across North America. We have already seen, for example, that "interest from political leadership" is a factor that motivates organizations to implement sustainability/environmental policies (slightly more than one third of purchasers – 33.8% – indicate that this is a motivating factor for their organization) and that "interest from political leadership" also motivates some organizations to implement "green" purchasing policies (selected by nearly thirty percent – 29.2% – of purchasers). But do the federal governments in the United States and Canada influence the level of green purchasing equally? In early January 2009, the United States transitioned to new leadership under President Barack Obama. Respondents were asked to evaluate the type of impact the new Obama Administration would have on "green" purchasing in North America.

The majority of purchasers (76.3%) believe that the Obama Administration will have a positive impact on "green" purchasing in North America (i.e. more green purchasing will occur). Of those, 61.1% believe that the Administration will have a sustained positive impact, and 15.2% believe it will have a short-term positive impact. Less than two percent of purchasers believe the Obama Administration's policies will result in decreased "green" purchasing (0.3% of respondents believe that the new Administration will cause a negative, short-term impact while 1.4% of respondents believe the administration will have a sustained negative impact on "green" purchasing).

We asked the same questions about the Canadian Federal Government (led by Prime Minister Stephen Harper). Over forty percent (42.4%) of purchasers believe that the Harper government will have no impact, neither positive nor negative, on the amount of "green" purchasing in North America. Thirty-three percent (33.4%) of purchasers believe that the Harper government will positively influence "green" purchasing in Canada (of those, 23.6% predict a sustained positive impact and 9.8% predict a short-term positive impact). Twenty-four percent (24.4%) believe Harper's government will have a negative impact on "green" purchasing (12.7% predict a short-term decrease in "green" purchasing, and 11.7% see a sustained negative impact).

Impact of Federal Administration on "Green" Purchasing in North America (2009)



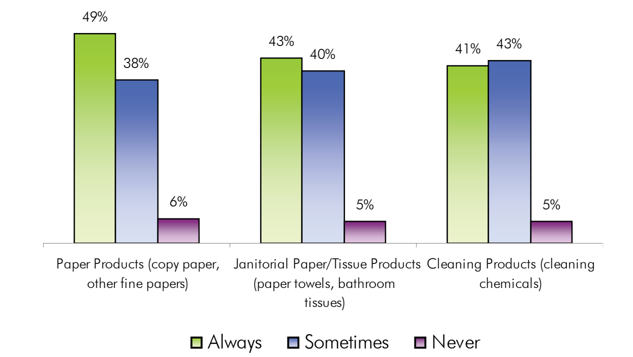
Product Categories: Overview

To better understand how “green” purchasing behaviors vary by product category, we asked purchasers to compare the relative performance and price of “green” products within different product categories to their conventional alternatives.

In terms of performance, the majority of purchasers believe that there is no discernible difference between “green” products and their conventional alternatives; however, most purchasers believe that “green” products cost more, especially in the following categories: building and construction products and related equipment, cleaning products, electricity, and paper products.

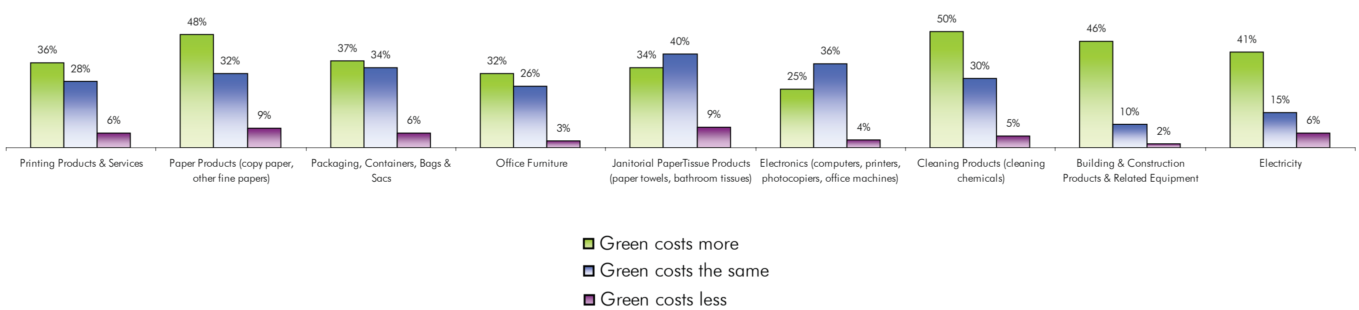
Frequency of Environmental Consideration by Product Category (2009)

(Top 3 Product Categories where “Green” is Always Considered by Purchasers)

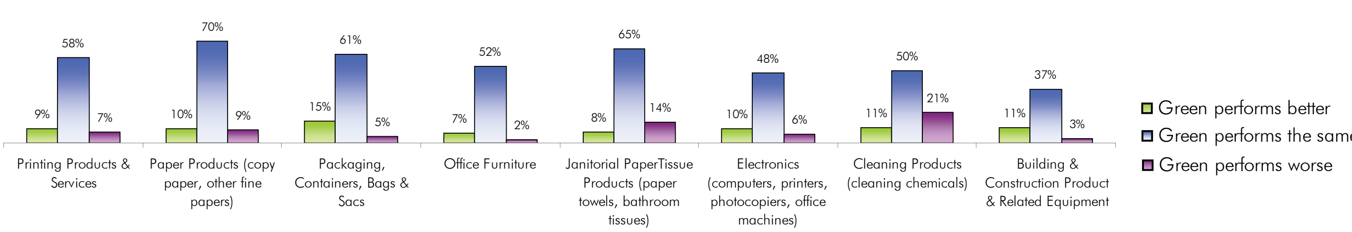


Despite the fact that “green” is generally perceived to cost more, purchasers do continue to consider the environmental performance of products when making purchasing decisions. For example, in the “janitorial tissue/paper products” and “paper products” categories 43.3% and 48.8% respectively always consider environmental performance when making purchasing decisions. For the other product categories explored by this study, the majority of purchasers consider environmental performance at least sometimes.

How “Green” Products Compare to Conventional Products in Terms of Price (2009)



How “Green” Products Compare to Conventional Products in Terms of Performance (2009)



Paper Products

Purchasers consider environmental performance most often when purchasing paper products. Nearly forty-nine percent (48.8%) of purchasers say they always consider environmental performance when purchasing paper products and 38.2% say they sometimes consider environmental performance.

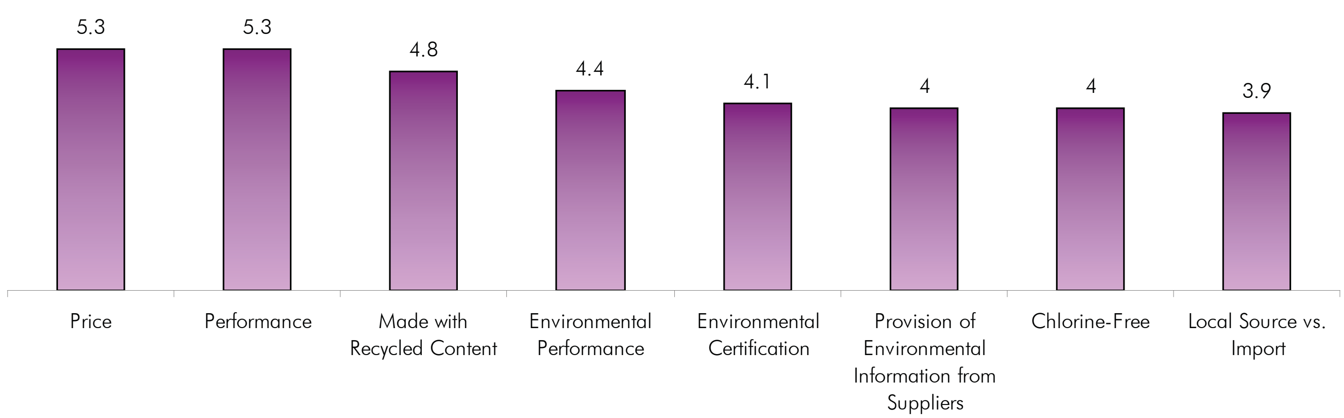
It is interesting to note that although purchasers consider the environmental performance of paper products more often than they consider the environmental performance of any other product category examined by this study, "price" (5.3) and "performance" (5.3) factors still rank ahead of such environmental considerations such as "made with recycled content" (4.8), overall "environmental performance" (4.4), and other environmental considerations (such as "chlorine-free"). Therefore, marketers and manufacturers should not focus exclusively on the environmental performance of their greener paper products; they also need to address other crucial purchasing factors – such as price – if they're to win market share.

COMPARED TO CONVENTIONAL ALTERNATIVES IN THIS PRODUCT CATEGORY, 'GREEN' PAPER PRODUCTS,

COST LESS 9%	**COST THE SAME** 32%	**COST MORE** 48%
PERFORM BETTER 10%	**PERFORM THE SAME** 70%	**PERFORM WORSE** 9%

Note: Respondents were also given the option, "I don't know".

Paper Products: Relative Importance of Product Attributes (2009)
(On a scale of 1-6 where 1 is least important and 6 is most important)



Janitorial Paper / Tissue Products

Over forty percent (43.3%) of purchasers always consider environmental performance when purchasing janitorial paper/tissue products, making it the product category that receives the second most environmental scrutiny by purchasers.

Although purchasers attribute some importance to all purchasing factors, “price” and “performance” are once again the most important. Environmental considerations such as “made with recycled content” (4.5) and overall “environmental performance” (4.4) lag behind the more traditional purchasing factors.

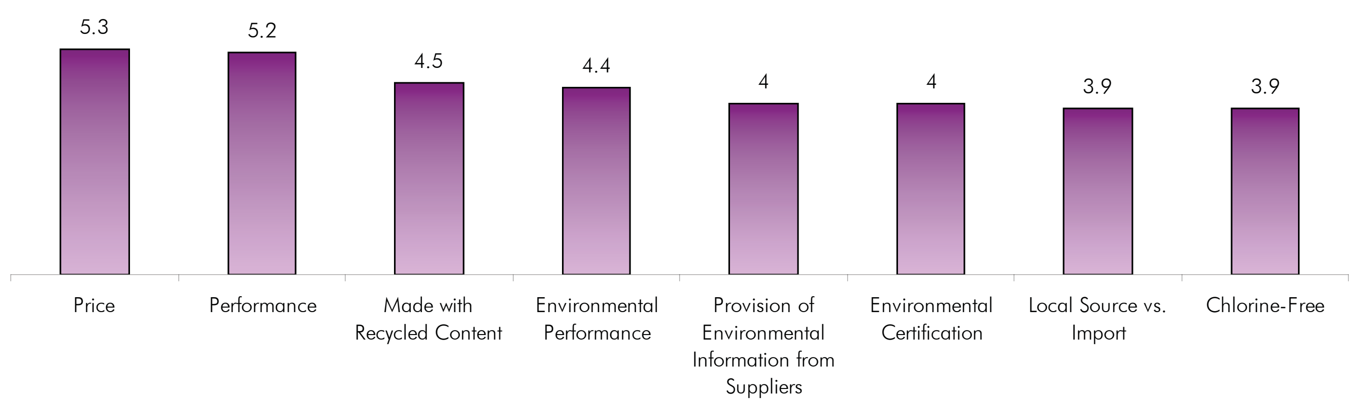
COMPARED TO CONVENTIONAL ALTERNATIVES IN THIS PRODUCT CATEGORY, ‘GREEN’ JANITORIAL PAPER/TISSUE PRODUCTS,

COST LESS 9%	**COST THE SAME** 40%	**COST MORE** 34%
PERFORM BETTER 8%	**PERFORM THE SAME** 65%	**PERFORM WORSE** 14%

Note: Respondents were also given the option, “I don’t know”.

Purchasers are divided when it comes to their opinions on the price of “green” vs. “conventional”. Nearly forty-percent (39.9%) of buyers believe that “green” janitorial paper costs the same as conventional (or non-environmentally preferable) alternatives but 34.1% believe greener tissue products cost more. Results are clearer when it comes to assessing the performance of “green” tissue products in relation to conventional alternatives. Most purchasers (64.5%) believe there is no difference in performance between “green” tissue products and their conventional counterparts. These findings seem to suggest that again, “green” products must be able to compete on price to win market share.

Janitorial Paper / Tissue Products: Relative Importance of Product Attributes (2009)
(On a scale of 1-6 where 1 is least important and 6 is most important)



Cleaning Chemicals

The global attention that has been brought to health care issues as a result of SARS, Avian Flu, H1N1 (Swine Flu) and other outbreaks have made "green" cleaning and hygiene two of today's hottest topics.

Cleaning chemicals receive the third highest amount of environmental scrutiny by purchasers (41.3% of purchasers always consider environmental performance when purchasing cleaning chemicals). Also, buyers have, this year and in the previous two years, ranked "human health" their number one environmental concern. Considering the attention given to human health considerations, it is no surprise that the "overall human health impact" of cleaning chemicals ranked second in importance with a mean ranking of 5.2 (only slightly behind "efficacy/ performance" which received a mean ranking of 5.3). This is the only product category where "price" is not ranked as one of the top two purchasing factors.

With the exception of "fragrance", we found that all cleaning chemical attributes are at least somewhat important to most respondents.

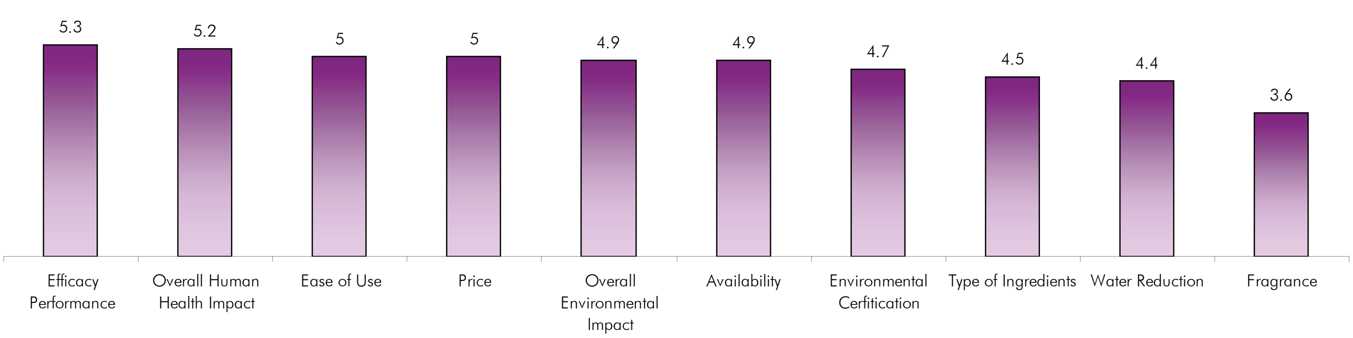
COMPARED TO CONVENTIONAL ALTERNATIVES IN THIS PRODUCT CATEGORY, 'GREEN' CLEANING CHEMICALS,

COST LESS	COST THE SAME	COST MORE
5%	30%	50%
PERFORM BETTER	**PERFORM THE SAME**	**PERFORM WORSE**
11%	50%	21%

Note: Respondents were also given the option, "I don't know".

Nearly half of purchasers (49.7%) believe "green" cleaning chemicals cost more than conventional alternatives; however, in this product category we see a lower emphasis on price relative to overall human health impact. Although price still ranks high in importance, the majority of purchasers are more concerned with the health implications of the cleaning chemicals they buy for their organizations.

Cleaning Chemicals: Relative Importance of Product Attributes (2009)
(On a scale of 1-6 where 1 is least important and 6 is most important)



Electronics

When purchasing electronics, buyers consider "performance" to be the main purchasing factor, followed closely by "price" and "energy efficiency".

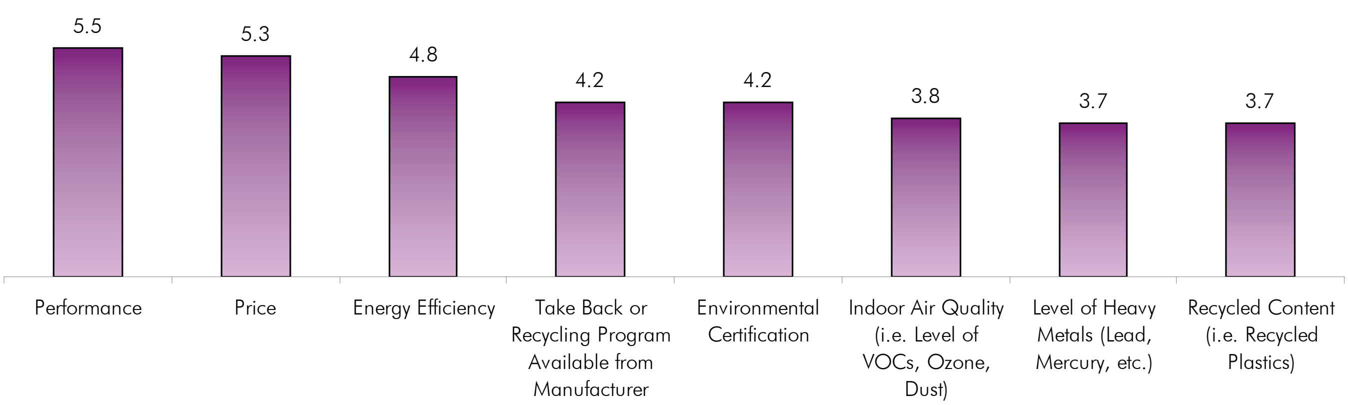
Comparing "green" electronics with conventional (or non-environmentally preferable) electronics, the largest groups of purchasers believe that "green" electronics both cost the same (36%) and perform the same (47.9%) as their conventional counterparts. "Energy efficiency" can, therefore, be considered a key differentiator for "green" electronics.

COMPARED TO CONVENTIONAL ALTERNATIVES IN THIS PRODUCT CATEGORY, 'GREEN' ELECTRONICS,

COST LESS 4%	**COST THE SAME** 36%	**COST MORE** 25%
PERFORM BETTER 10%	**PERFORM THE SAME** 48%	**PERFORM WORSE** 6%

Note: Respondents were also given the option, "I don't know".

Electronics: Relative Importance of Product Attributes (2009)
(On a scale of 1-6 where 1 is least important and 6 is most important)



Since 2007, the importance of energy-related environmental issues has risen across the board. For instance, purchasers rank energy conservation as the second most important environmental issue, second only to concerns over human health.

However, "energy conservation" is not the only energy-related issue of increasing importance to purchasers. For example, over the past year — on a scale where 1 represents 'not at all important' and 6 represents 'extremely important' — other energy-related issues such as "greenhouse gas emissions", "air pollution", and "climate change" have increased in importance (mean rankings of 4.1 – 4.6, 4.5 – 4.6, and 4.1 – 4.3 respectively). Of these energy-related issues, all of them are rated at an all-time-high since 2007 in terms of importance.

In a landscape where the importance of energy-related issues is rising, the 2009 EcoMarkets survey was designed in part to gauge purchasers' views on which energy generation technologies and fuels are considered to be the "greenest" (or most environmentally preferable). Purchasers were asked to rate the "green-ness" of electricity generation fuels and electricity generation technologies on a scale of 1 to 6, where 1 represents "not at all green" and 6 represents "extremely green".

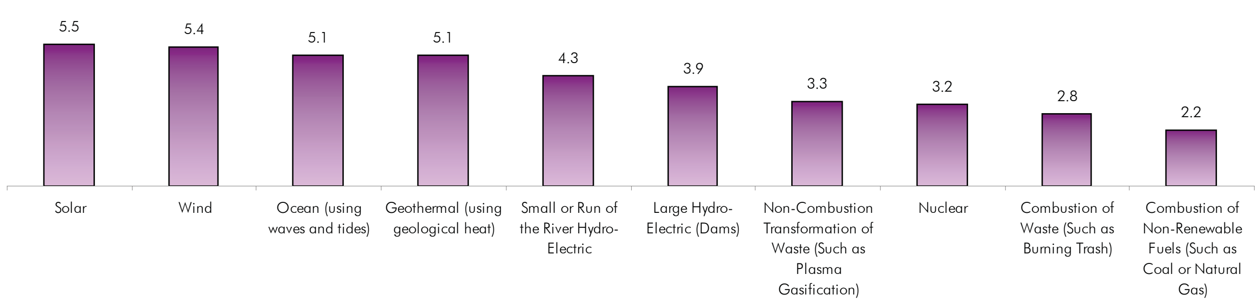
COMPARED TO CONVENTIONAL ALTERNATIVES IN THIS PRODUCT CATEGORY, 'GREEN' ELECTRICITY,

COSTS LESS	COSTS THE SAME	COSTS MORE
6%	15%	41%

Note: Respondents were also given the option, "I don't know".

How "Green" Are Different Types of Electricity Generation Technologies? (2009)

(On a scale of 1-6 where 1 is least "green" and 6 is most "green")

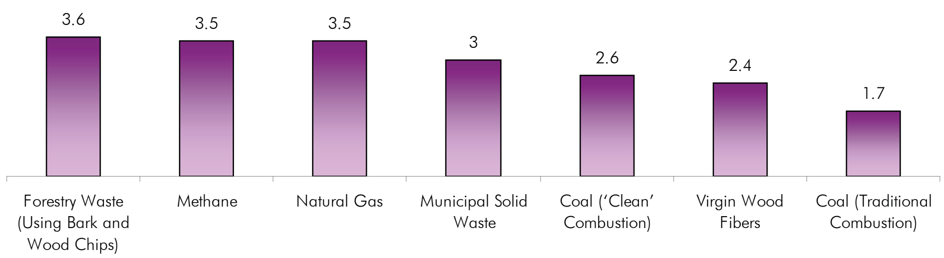


Electricity

Of the energy generation technologies, "solar", "wind", "ocean (using waves and tides)", "geothermal (using geological heat)" are the top three "greenest" energy generation technologies according to purchasers (with mean rankings of 5.5, 5.4 and 5.1 respectively noting that "ocean" and "geothermal" tied for third place). "Small or run of the river hydro-electric" is the fourth "greenest" energy generation technology, followed by "large hydro-electric (dams)". These findings are consistent with the EcoMarkets 2007 results – two years ago purchasers listed wind power, solar/thermal power, alternatives to fossil fuels, and low-impact hydro as the "greenest" technologies. It is worth noting that in 2007 wind power was rated the greenest technology by purchasers, whereas in 2009, solar power received a slightly higher mean ranking than wind power.

Some electricity generation fuels are considered by purchasers to be "greener" than others. For instance, "coal" finds itself at the bottom of the list with a mean ranking of 1.7 on a scale of 1 to 6 where 1 is not at all "green" and 6 is considered "extremely green". In contrast, purchasers believe "forestry waste" to be the "greenest" fuel, with a somewhat neutral mean rating of 3.6.

How "Green" Are Different Types of Electricity Generation Fuels? (2009)
(On a scale of 1-6 where 1 is least "green" and 6 is most "green")



Supporting Green Purchasing

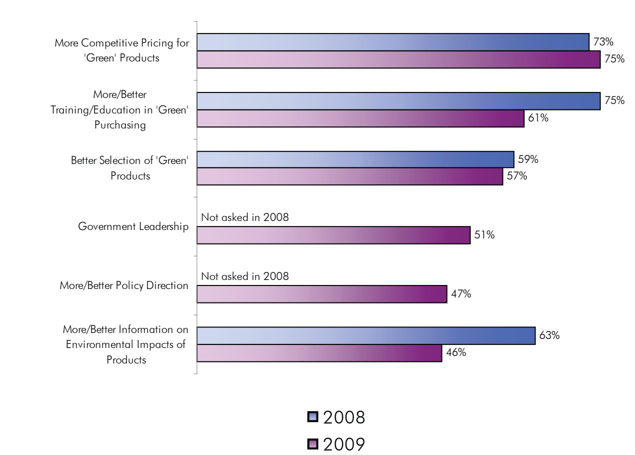
There is no doubt that the "environment" has become a mainstream issue. Buyers understand that the purchasing decisions they make on a daily basis are connected to one, some, or all of the most current environmental issues. They are demanding greener products to mitigate these environmental issues and to help keep themselves, their families, and our planet safer and healthier. As more can always be done to support and stimulate "green" markets, we asked purchasers how best to achieve growth in "green" markets.

Growing Green Markets

Allowing for multiple responses, purchasers were asked to select the approaches that they believe would encourage "green" purchasing. Three quarters (75%) of purchasers selected "more competitive pricing for green products", which is consistent with what we learned earlier – that for the majority of product categories, purchasers consider "price" to be one of the two most important purchasing factors (falling, in the majority of instances, only slightly behind "performance").

In 2008, "more competitive pricing for green products" was the second most favored approach to stimulate "green" purchasing (selected by 73% of purchasers). The top approach in 2008 was "training/education in green purchasing" (selected by 75% of purchasers). This year, "training/education in green purchasing" fell to second place (selected by 61% of purchasers).

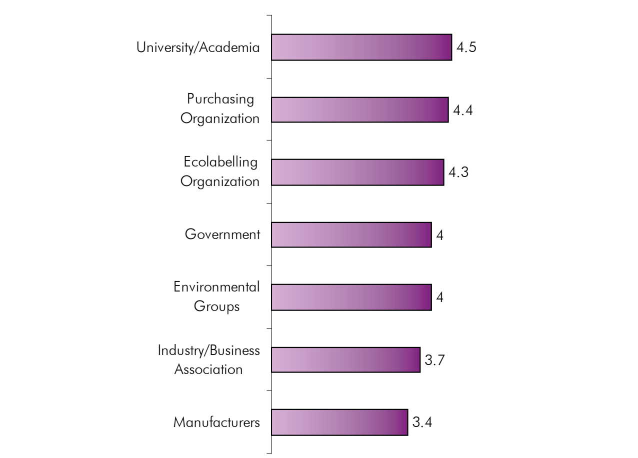
Approaches that Would Encourage "Green" Purchasing



With "Greenwashing" Still Rampant, Who Do Purchasers Trust?

Businesses are responding to the increased demand for greener products by either scaling up their production of "green" products or claiming that their products are "green" (even if they're not). Sometimes these "green" claims are misleading or false, leaving buyers with the purchase of products for their organization that have little or no environmental benefit. In 2007 and again in 2009, TerraChoice conducted a study of category-leading "big-box" stores. From the 2009 study, of the 2,219 products surveyed in North America, over 98% committed some form of "greenwashing". ("Greenwashing" is the act of misleading purchasers about the environmental benefits of a product or service. Seven patterns or "sins" of greenwashing have been identified by TerraChoice. For more information, please visit sinsofgreenwashing.org). In a marketplace where "green" and "greenwashing" is commonplace, it can be difficult for purchasers (and consumers) to know who they can trust for the most credible and reliable information about the environmental impacts of the products and services they purchase on behalf of the organizations they represent.

Most Trusted Sources for Information on the Environmental Impact of Products (2009)



On a 6-point scale where 1 represented "least trust" and 6 represented "most trust", purchasers were asked to rank their most trusted sources for information on the environmental impacts of products. "Universities/academia" received the highest mean ranking (4.5), followed closely by "purchasing organizations" (4.4) and "ecolabelling organizations" (4.3). "Industry/business associations" and "manufacturers" received the lowest mean rankings (3.7 and 3.4 respectively).

Supporting Green Purchasing

What's in a Name?

We asked purchasers to identify the eco-labels they most use and/or recognize to help them make purchasing decisions.[4]

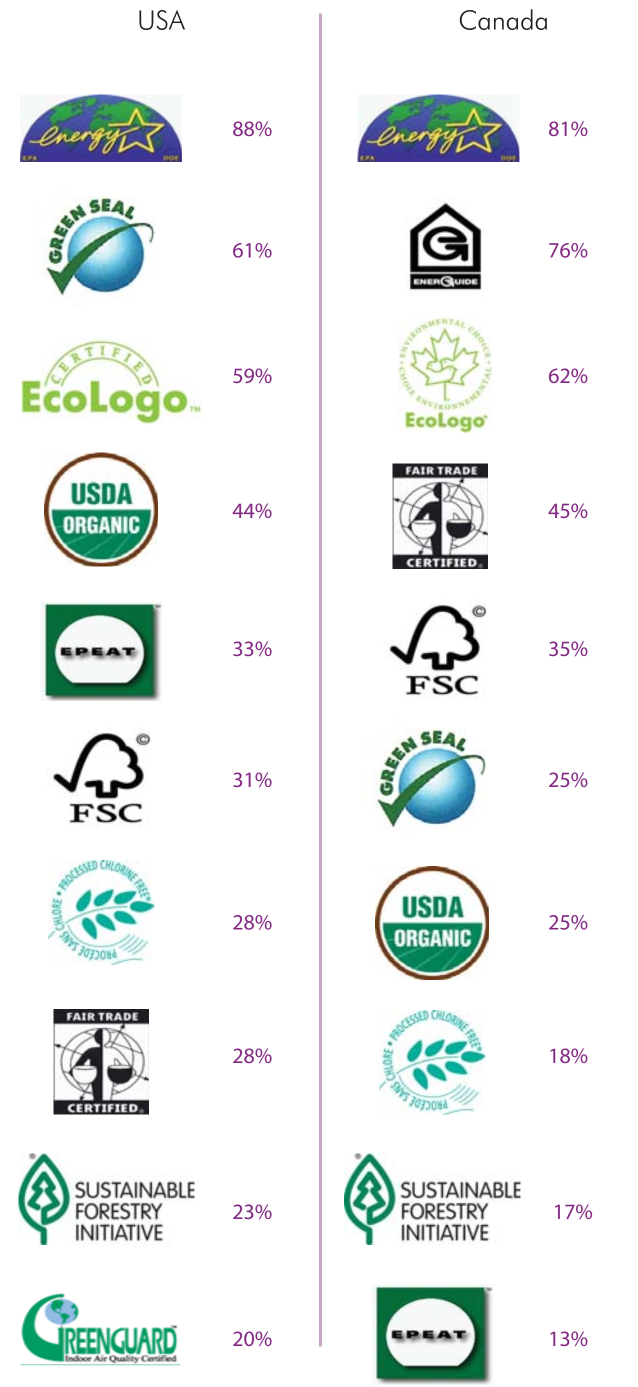
In the United States, Energy Star is the most recognized eco-label (recognized by 88% of purchasers). Green Seal and EcoLogo round out the top three most recognized eco-labels in the United States with recognition rates of 61% and 59% respectively.

In Canada, results are slightly different. While Energy Star remains in top position in Canada (recognized by 81% of purchasers), EnerGuide assumes second position (76%) followed by EcoLogo, which is recognized by 62% of purchasers.

The top ten eco-labels in the United States (by ranking) are: Energy Star, Green Seal, EcoLogo, USDA Organic, EPEAT, FSC, CFPA, Fair Trade, SFI, and Green Guard.

The top ten eco-labels in Canada (by ranking) are: Energy Star, EnerGuide, EcoLogo, Fair Trade, FSC, Green Seal, USDA Organic, CFPA, SFI, and EPEAT.

Purchasers' Top Ten – Most Recognized Eco-labels by Location (2009)



[4] Purchasers were presented only with the names of each eco-label in the survey, not the accompanying logo.

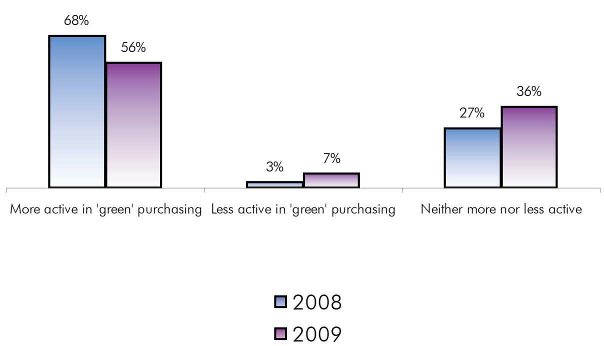
Outlook for Green Purchasing

Based on the findings presented in this report, and by the widespread integration of environmental factors into management practices and policies in North America, the future of "green" purchasing appears bright.

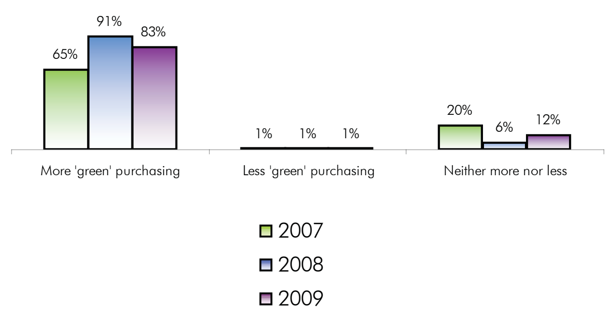
Although 93.8% of purchasers believe that the North American economy is in a recession (either short term or a longer-term period) and 5.4% believe the economy is in a depression, 64.1% reported no change in the amount of "green" purchasing relative to "regular" purchasing and 15.6% reported a slight increase in the amount of "green" purchasing relative to "regular" purchasing in the past 12 months. Although price is a very important purchasing factor to the majority of purchasers, and "green" products are generally considered to cost more than conventional alternatives, it is safe to say that the state of the economy has not drastically altered the success of "green" markets.

Overall, North American buyers have an optimistic view of the future for "green" purchasing. Eighty-three percent (83%) of respondents plan to do more "green" purchasing in the next two years, and only 0.5% of respondents plan to do less. As the economy rebounds, the positive trend should continue as long as the importance and value of greener purchasing continues to be encouraged and supported by policy makers, businesses, environmental advocates, manufacturers, marketers, educators and trainers.

In the Past 12 Months, Have You Been More or Less Active in "Green" Purchasing?



In the Next Two Years Will Your Organization Do More or Less "Green" Purchasing?



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TerraChoice Environmental Marketing Inc. is a team of experts in environmental science, markets, marketing, and business. We help environmental leaders convert scientific leadership into winning strategies, communications, and programs. TerraChoice Environmental Marketing strengthens the positioning of environmentally preferable products, services and companies with science-based marketing consulting and market research.

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Feedback on this Report

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