

# COMECLEAN

A report on barriers and opportunities  
for cleantech in Europe

WEBER SHANDWICK

Advocacy starts here.

## Foreword by Colin Byrne

CEO, UK & Europe, Weber Shandwick

Here at Weber Shandwick we are exceptionally proud of our 30-year heritage in technology brand building and communications. With established centres of excellence across the globe, our breadth and depth of knowledge and experience spans the technology spectrum. Universally rich and diverse in talent, expertise and resources, our specialist technology practice has helped to build the reputations of some of the world's largest technology brands.

Beyond helping client partners develop and communicate their corporate social responsibility and sustainability programmes, we are also extremely proud of our own commitment to sustainable development. We were the first PR agency to achieve the ISO14001 environment certification in the UK and the US, exemplifying our own environmentally responsible business practices, and our specialist communications and change management practice, Planet2050 helps businesses, NGOs and governments navigate the environmental and social challenges needed to operate in a planet under pressure.

Over recent years, Weber Shandwick has evolved to meet the ever-changing nature of the technology sector by building a specialist team of cleantech experts across Europe with experience spanning a variety of industries including energy efficiency, clean energy, biofuels, green IT, smart building and advanced transportation.

As we now witness an increased focus on the purchase and commercial benefits of cleantech products and services, we are pleased to launch our 'Come Clean' report. With the inclusion of specific recommendations to help communications professionals shape their strategic plans, this report aims to provide you with an assessment on the barriers and opportunities for cleantech across Europe.



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## Introduction by Charles Secrett

Clean technology must lie at the heart of any serious attempt by government and business to tackle climate change. The rapid roll-out of the latest technical, infrastructure and product innovations to accelerate the transition to a low carbon global economy is paramount, both to avoid the worst climate change impacts and simultaneously provide a huge boost to the faltering global economy.

Weber Shandwick's report, 'Come Clean,' provides a timely and pragmatic assessment of the state of the cleantech market in Europe. It is heartening to see that cleantech, in all its forms, delivers compelling economic, social and environmental benefits that will drive demand in both the public and private sectors, and will continue to do so.

The immediate future, however, offers no rosy guarantees of success. The Weber Shandwick study also highlights a number of issues that are affecting the ability of European organisations to make cleantech choices. Chief amongst these are perceptions of high cost and insufficient information about the business benefits of the range of available clean technologies.

Weber Shandwick's research is a must-read for anyone working in the cleantech sector, and shows how important the sophisticated promotion of cleantech products has become. Because, no matter how clean, green or great the technology, without good marketing and clear signposting, any first mover commercial advantage will evaporate. It's a tough world out there, and business-as-usual interests in sectors like energy, construction and transport are not going to give up their entrenched market positions without a fight.



**Charles Secrett** is Senior Associate for the Cambridge Programme for Sustainability Leadership, Chair of the Board of the Triodos Bank Renewable Energy Fund, and a former Board member of the London Development Agency. He was also Executive Director of Friends of the Earth for ten years.

## The cleantech communications challenge: audience and influence

The world is increasingly united in recognising the common challenge presented to humanity by climate change. As countries negotiate and then strive to meet new goals on carbon emissions, the critical enabler of this process will be the proliferation of cleantech technologies and services.

For companies that provide low carbon and environmental goods and services, the business opportunity is already apparent. The UK Government's *Low Carbon Economy Report* estimated the global market to total £3 trillion. This finding comes on top of successive commitments by governments around the globe to fund clean technologies as a response to the economic downturn, as an attempt to trigger a green economic revival.

Policy makers in Europe are striving to balance the right policy frameworks with large-scale strategic investments in clean and renewable technology. The European Commission estimates that if 20 per cent of Europe's energy could come from renewable sources this could provide in excess of one million jobs by 2020. In this context, environmental action is being driven by political necessity and economic opportunity.

Europe has committed to reducing carbon emissions by 20 per cent of 1990 levels by 2020. This is a bold target that is likely to be reinforced or increased at the United Nations *Climate Change Conference* in December 2009. Companies that provide clean technology goods or services can and should participate in this discussion and secure business opportunities from the steady increase in investment and interest in this area.

*"We look to the December climate negotiations in Copenhagen to seal a deal that will enable us to pursue climate action on all fronts. A deal that covers adaptation, mitigation and the deployment of clean technologies."*

**Ban-Ki Moon** UN Secretary General, May 2009

*“Despite a near quadrupling in the number of funds investing in cleantech from 2004 to 2008 (Preqin PE Cleantech Review 2008), the dislocation in global financial markets and the lack of exit strategies through IPOs remains the single greatest financing challenge for cleantech firms in the short term. However, investor sentiment appears strongest among ‘pure investors’ who have clearly identified the opportunity to address sustainability while simultaneously creating long-term value. Companies seeking funding will need to look for a variety of sources and communicate to potential investors the strength of their financial proposition as much as their technological one.”*

**Steve McCool** Managing Director, Weber Shandwick Financial, UK

## Opportunities and Funding

Europe’s cleantech sector has developed at a comparable rate to the global competition, particularly in relation to renewable technologies such as wind. Europe, however, has fallen behind the United States in investment, particularly venture capital funding. Recent estimates place total cleantech investment in Europe during 2008 at €900 million against €1.8 billion in the United States. The economic downturn has added further pressure on venture capital backing, highlighting the importance of the European Commission and national governments as sources of cleantech financial support.

*“Cleantech represents a green shoot of growth for Europe’s knowledge-based economy. The market conditions are undoubtedly tough, but the combination of private sector ingenuity and government-led necessity is driving a new wave of interest in clean and green technology. Bringing together entrepreneurs and investors will help convert these green shoots into positive growth prospects for Europe.”*

**Bernard Vogel** Managing Partner, Endeavour Vision SA, and President, Cleantech Summit 2009

The EU is a source of funding and a critical point for dialogue and information exchange between stakeholders. Effective positioning with EU and national governments offers a pathway to be part of the solution in tackling global challenges such as climate change, to showcase corporate responsibility and to create shared value – all of which are now considered essential for successful and sustainable business. They need guidance and advice from cleantech companies to identify cost-effective solutions and best practice. They also need to be aware of technologies that are available now and have insight into what is on the horizon.

- *The European Commission announced €105 billion will be invested in the “green economy” through the EU cohesion policy*
- *The cleantech sector is becoming the second largest investment sector for European VCs after biotech*
- *150 investors made their first cleantech venture investment in a European company in 2008*

*Source: Cleantech Group*

Cleantech companies in Europe have to navigate a complex web of challenges and opportunities relating to a diverse range of stakeholders. To be successful, companies need a clear strategy on who they need to communicate with – audiences are likely to include government, business, academia and consumers. For both public and private sectors this requires an understanding of who and what is motivating purchasing decisions around cleantech, and which people within an organisation will influence research funding or purchasing decisions.

Much of the analysis of cleantech in Europe has focused on a single aspect of the overall environment – whether that is regulatory frameworks, investment opportunities or venture capital funding. If the market is to grow it requires the right policy framework and funding opportunities, together with a commitment from public and private sectors to follow through on their environmental intentions with cleantech purchase decisions. Weber Shandwick commissioned research to assess this context and to explore the opportunities for cleantech firms in Europe.

## Cleantech market research

Weber Shandwick set out to establish what is driving and influencing senior buyers and purchasing policy makers in some of Europe's most significant markets for clean and green purchasing.

Starting in April 2009, KRC Research conducted interviews with 400 central decision makers in supply chain and procurement, including CIOs, policy managers and supply chain managers. Responses were taken from a range of public and private sector organisations (all employing over 500 people) across France, Germany, Spain and the UK.

In order to understand what is motivating purchasing decisions, we asked about green procurement plans in general as well as investigating priorities for investment in cleantech products and services. This allowed us to contrast the factors at play in green buying generally, and cleantech purchasing specifically.

We hope the findings provide useful food for thought as you shape your communications campaigns.

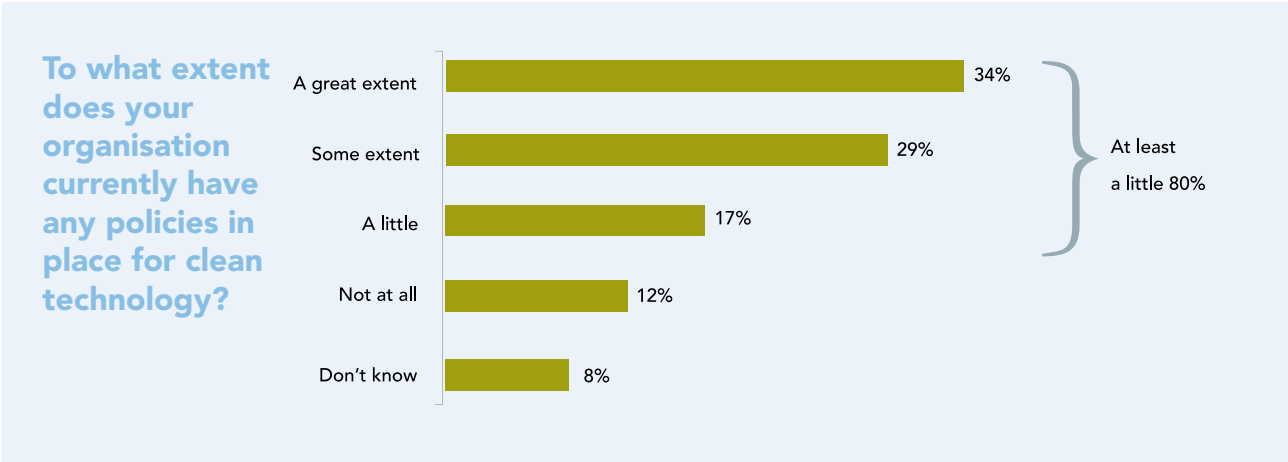
### Executive Summary

- Eight out of ten large European organisations claim to have cleantech policies in place...
- ...but they see cost as a significant barrier to cleantech purchasing, with other priorities competing for investment
- Energy efficiency and renewable energy consumption are key areas for near-term investment
- Many organisations aren't being effectively reached by communications from cleantech companies, and even when they are, not enough information is being provided
- Europe's green procurement plans remain largely unaffected by the downturn. Most large organisations believe environmentally driven purchasing will become more important in the next five years
- Green procurement is driven less by cost savings than compliance, certification and wanting to 'do the right thing'
- The board is the dominant group driving environmental purchasing rather than customers or employees
- Trade media and online sources are the most influential information sources for buyers
- A significant number of buyers don't measure the credentials of green suppliers because they don't think it's possible to do so
- Big differences in opinion exist across some of Europe's most important markets around environmentally driven purchasing policies, plans and communications



# Europe gearing up for cleantech investment

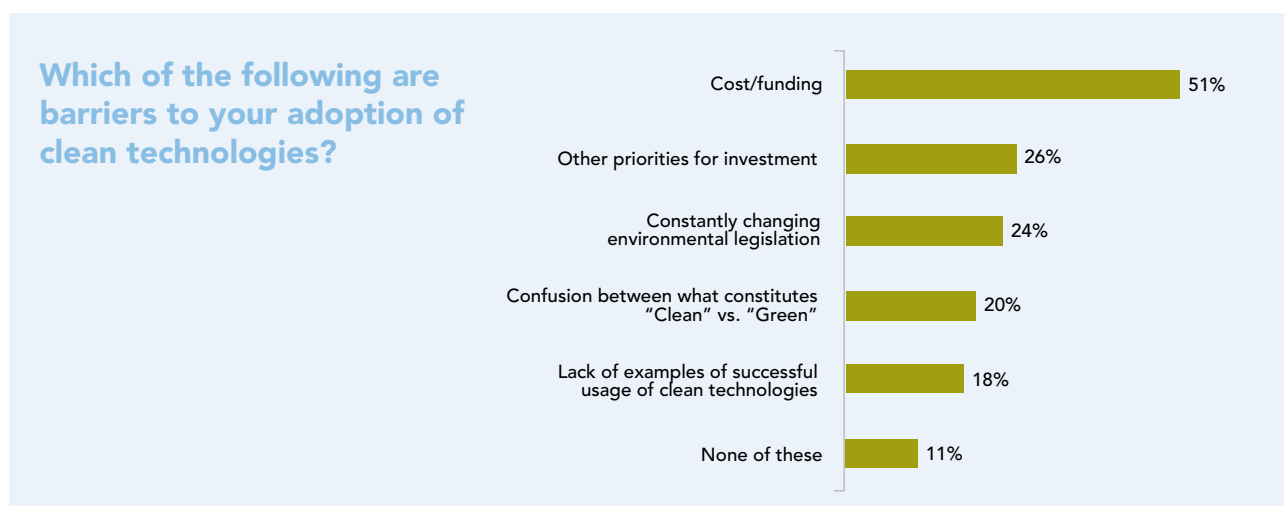
We started by examining the prevalence of cleantech purchasing policy in large private and public sector organisations. Eight out of ten respondents said they have policies in place specifically regarding cleantech – with only one in ten saying that their organisations had no such policies in place. Products and services relating to energy efficiency (63 per cent), recycling (53 per cent) and renewable energy consumption (43 per cent) are the areas around which respondents say their organisations are most likely to invest in the next two years.



**Implication:** *Cleantech appears to be considered an important and distinct element within organisational green policy and procurement, and is 'on the radar' of many European organisations across a diverse set of markets and sectors. This shows that now is a good time for companies with cleantech products and services to focus on raising their profile and communicating their proposition more broadly.*

## Perceived expense putting the brakes on commitment to cleantech

Despite the fact that many of our respondents claim to operate some cleantech purchasing policies, our survey found clear and significant perceived barriers that sit in the way of cleantech adoption. Half of our respondents (51 per cent) cite cost as the main barrier to using clean technologies. Around a quarter cite other investment priorities (26 per cent) and constantly changing environmental legislation (24 per cent) as key barriers, with 18 per cent citing a lack of examples of successful implementation.

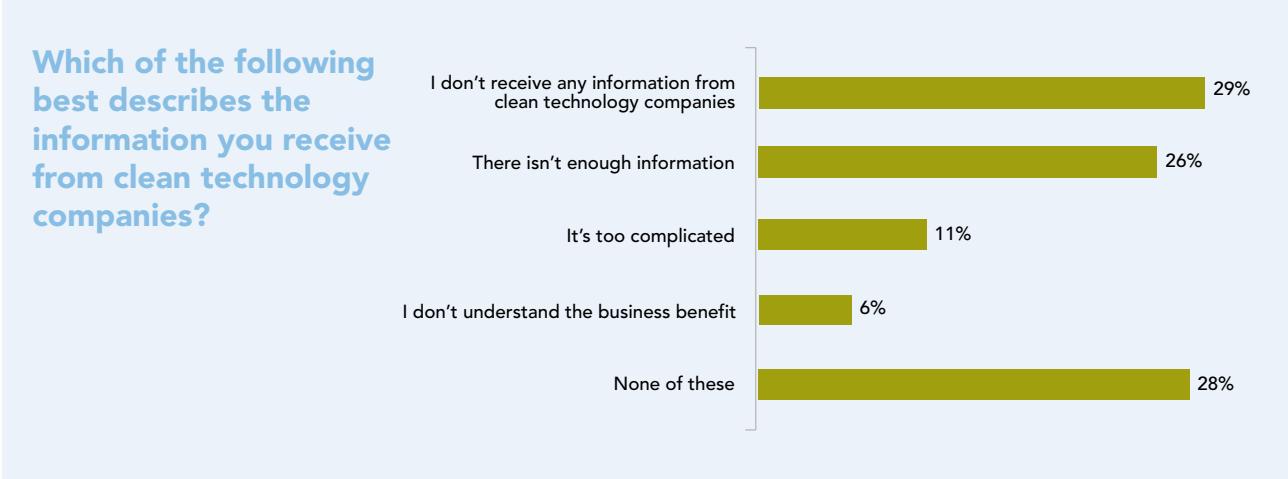


An interesting nuance to this is that more than 60 per cent of those we spoke to said that their organisations already use products to help them monitor energy efficiency, while a significant number track energy consumption (47 per cent) and their carbon footprint (42 per cent). It therefore would appear that many actually have tools in hand that would help them measure return on investment provided by cleantech products and services.

**Implication:** *Clearly, there's a need to communicate stronger evidence of return on investment and value creation in easily understood terms. Also, in many cases, buyers may already have tools that will help them clearly quantify savings. In those cases, cleantech companies could benefit from helping buyers to identify exactly where savings could be made and how to monitor the impact of cleantech solutions.*

# Cleantech communications thin on the ground

Compounding this problem is a perceived shortfall in information from cleantech suppliers. A significant number said that the information they receive is inadequate (26 per cent) or is too complicated (11 per cent). Tellingly, nearly half of those that don't have clean technology purchasing policies in place (48 per cent) said that they never receive any information from cleantech suppliers.



**Implication:** *There's a need for more compelling, high impact cleantech communications targeted to the needs of senior purchasing decision makers.*

*"No one should underestimate the lack of awareness among policy makers of the potential of the cleantech sector. It has its work cut out to make its voice heard above the clamour for support from entrenched traditional industries and lobby groups. The communicating needs to start now."*

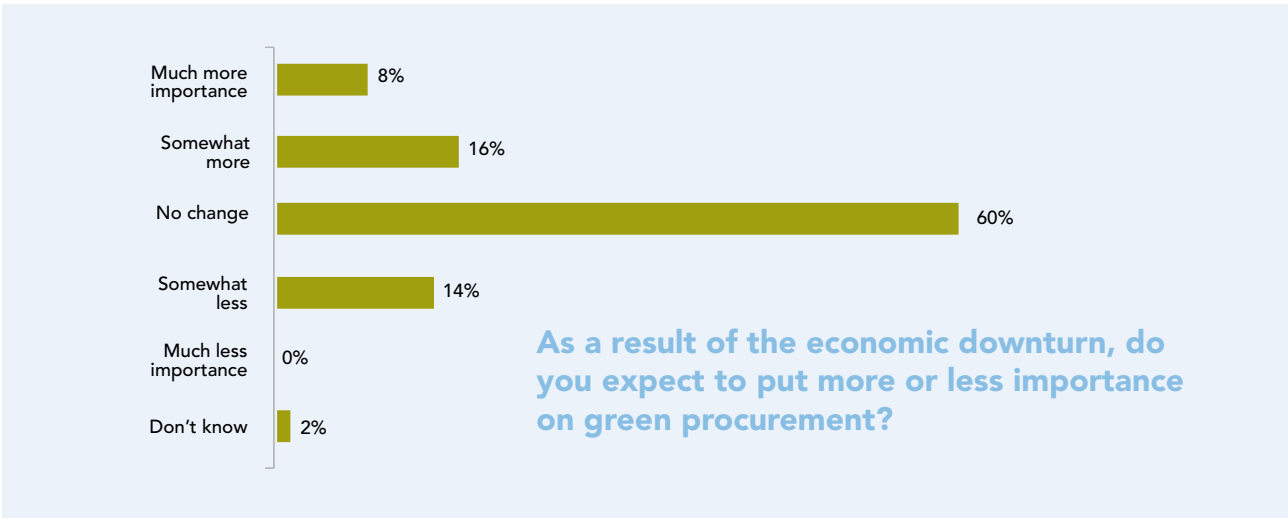
**Wilf Weeks** European Chairman Public Affairs, Weber Shandwick

# A significant and growing green priority, despite the downturn

With cleantech often being a component of broader organisational environmental policy, we turned to examine trends around green purchasing as a whole to understand the relationship between cleantech and the broader market for environmental products and services.

Despite facing tough choices in the current economic climate, the environmental credentials of products purchased and suppliers used are as important as ever to large European organisations – 83 per cent said that the environmental attributes of what they buy are at least ‘somewhat important,’ with over a third stating that they are in fact ‘very important,’ a sentiment that was evenly matched across public and private sector organisations. In fact, across the diverse organisations we polled, only two per cent thought that environmental considerations were of no importance at all.

The recession appears to have had little negative impact – with 60 per cent of respondents saying the downturn will not change the importance they place on green procurement. Indeed, one in four expects the downturn to result in them placing more emphasis on green purchasing. Looking to the medium-term future, nine in ten expect their organisation to place more importance on green procurement practices and processes in five years’ time.



*“Spain has already experienced strong growth in the market for clean and green products and services, and our research shows that decision makers in this market will continue to place a high level of importance on green procurement practices in the coming years. There are leadership opportunities in the Spanish market for companies that can paint a broad picture of the value of green purchasing to complement immediate and understood benefits in areas such as compliance.”*

**Esther Lobo** Technology Practice Director, Weber Shandwick Spain

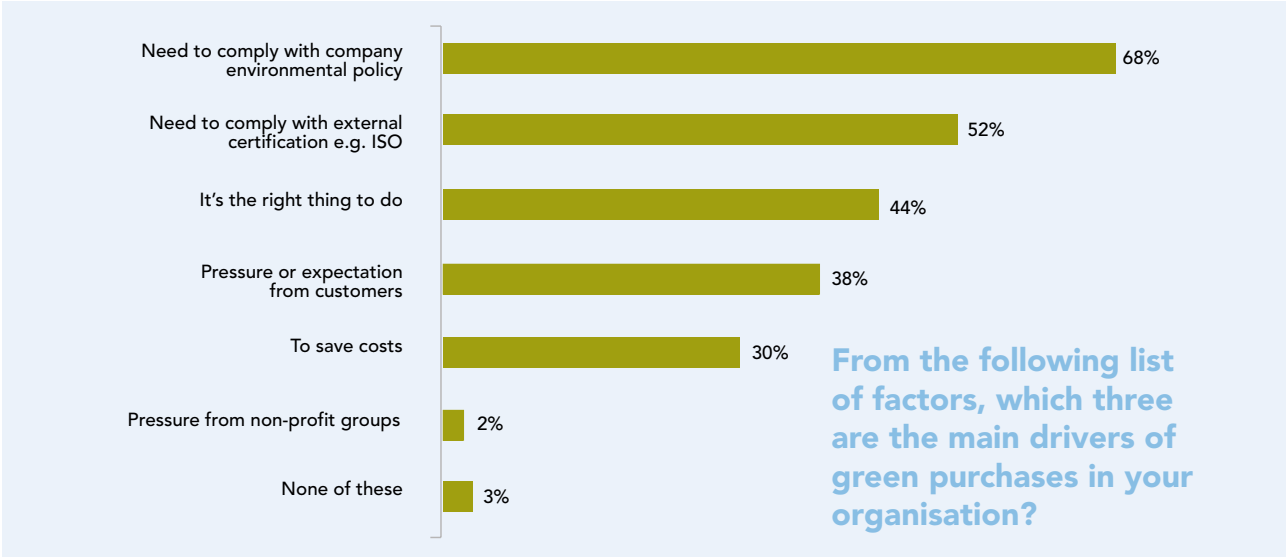


**Implication:** Environmentally driven procurement is seen as integral to an organisation’s future supply chain and strategic planning. Now is the right time to develop and make the case for a targeted green communications campaign, or revisit your existing communications strategy.

# Green purchasing: boardroom pressure to cultivate the right image

Our research shows that the board exerts by far the greatest influence on green purchasing policy – with 43 per cent reporting that the organisation’s CEO or other board members were the main driver. In fact, the board exerts a greater sway on environmentally driven supply chain policy than customers (16 per cent), CSR Directors (13 per cent) and employees (9 per cent) put together.

Although cost saving is doubtless a key consideration in green purchasing, less than a third (30 per cent) of our respondents said that saving money was a main driver of the green purchases they make. In fact, green procurement in organisations is being primarily driven by compliance to both internal organisational policies and external certification, like ISO compliance. A large proportion of respondents equally noted that green purchasing was simply about wanting to do the right thing (44 per cent).



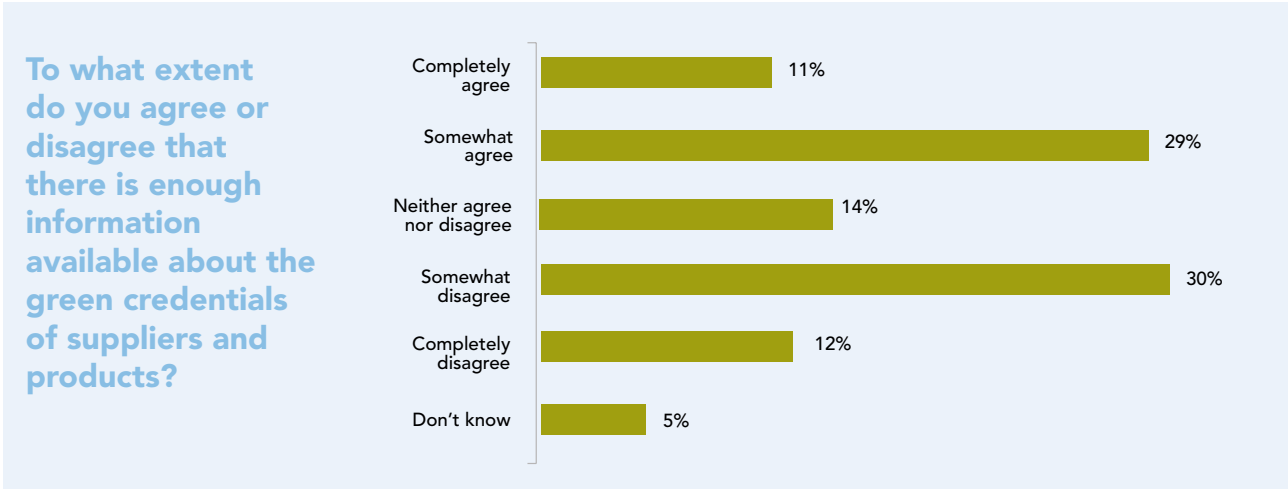
In line with this, when considering purchasing decisions focused on green technology specifically, ‘meeting customer expectation’ (34 per cent) and ‘organisational image’ (33 per cent) are seen to be the biggest perceived benefits, with cost savings only cited by one in six as a key benefit and efficiency (8 per cent) being much lower on the list.

**Implication:** *With the key driver of green purchasing being the CEO and other board members, this audience must be a core target for communications campaigns. And while it’s common practice to talk about cost saving in green marketing communications, communicators should also provide evidence of how their solutions have helped customers achieve regulatory compliance and have supported the achievement of broad corporate policies and goals.*

# Supplier communications and the credentials gap

A quarter of the organisations we spoke to don't measure supplier credentials at all, with a third of these complaining that there's no way of accurately assessing them. The problem appears to be compounded by a lack of available information – 42 per cent of organisations feel that there isn't enough information available around the green credentials of suppliers and products.

Of the European organisations that do actively measure the green credentials of their suppliers and purchased products, most assess them through specific supplier certification such as ISO compliance (77 per cent). Relatively few refer to supplier sustainability reporting (33 per cent) or use internally developed green procurement guidelines (31 per cent).



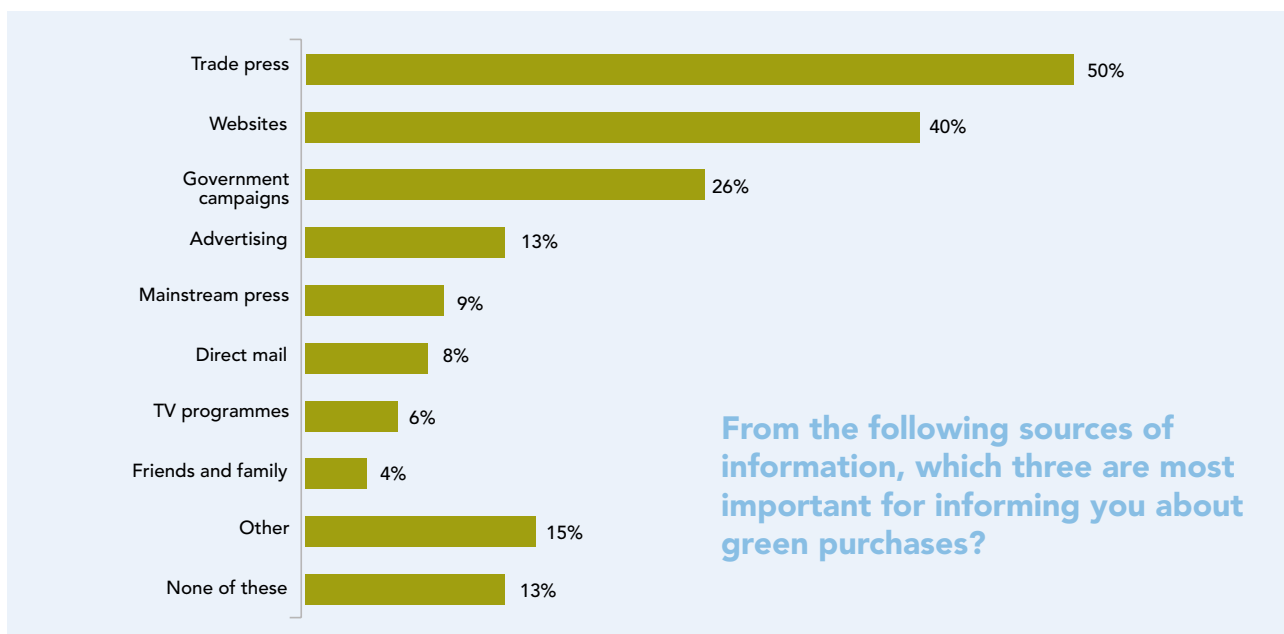
*“When it comes to suppliers’ environmental credentials, confusion reigns. In a crowded market of certifications, standards, labels and other assorted green claims, the risk is that the complexity of it all becomes one big turn-off. The result is that people don’t know what questions to ask of their suppliers, let alone what answers to look for. Clear signposting and proof of tangible sustainability wins are therefore essential in helping the buyer sort the green from the greenwash.”*

**Brendan May** Managing Director, Planet 2050, Weber Shandwick

*“Today we live in an interactive universe of blogs, Twitter and a myriad of other social networks. These channels can enable rapid message placement and open up two-way dialogue with key audiences. It’s vital, however, that digital media is viewed as being a part of an overall communications strategy rather than having a separate, bolt-on digital programme. Companies in the cleantech space need to embrace ‘Inline’ communications, with online and offline campaign strands interplaying and reinforcing each other to maximise impact and create strong advocates.”*

**Michelle McGlocklin** Chair, European Technology Practice and Managing Director, Weber Shandwick Technology, UK

Looking at sources of influence on those responsible for environmentally driven buying, half rated the trade media as their most important source of information, followed by websites (40 per cent) – with advertising (13 per cent) and direct mail (8 per cent) much lower on the list.



**Implication:** *Our research indicates that the European market isn’t over-saturated by green supplier communications, and that PR is a crucial route to key audiences. Suppliers should help their customers understand how to measure and evaluate the green credentials of products and services being offered. With standards key to measuring suppliers’ green credentials, vendors should pay particular attention to communicating how their products enable potential buyers to meet ISOs or other relevant certifications.*



### Europe's Diversity of Opinion

- Nearly three quarters of organisations in Germany have at least some cleantech policies in place, compared to little more than half of UK respondents
- Two thirds of respondents in France see cost as the key barrier to cleantech adoption – less than 40 per cent of Germans feel the same
- Less than a third of French respondents feel that they receive enough information about suppliers' green credentials – by contrast, half of the German respondents we spoke to were happy with the amount of information available to them
- 83 per cent of German and Spanish organisations measure the environmental credentials of suppliers. Less than half of French organisations do so
- Spain and France expect to place more importance on green procurement in the future (37 per cent and 28 per cent); the UK and Germany the least (17 per cent and 16 per cent)

**Implication:** *There are significant differences between key European markets around clean and green products and services. It's crucial that suppliers that operate across multiple markets understand the prevailing concerns and sentiment amongst their target audiences market-by-market to ensure their communications campaigns resonate and work effectively.*

*"Our research confirms Germany to be one of Europe's most established markets for green products and services, with the majority of large organisations having cleantech policies in place and a large proportion of these already measuring the environmental credentials of suppliers. Suppliers need to understand and address key criteria for policy and purchasing decision making in order to stand out from the crowd."*

**Karin Bollo** Managing Director, Weber Shandwick Munich and Deputy Chair, European Technology Practice

## Conclusion

The good news is that the European market is broadly receptive to cleantech and the opportunity is set to grow, despite difficult economic times. Clean technology companies, however, face a challenge in broadly communicating the value of their products and services to an audience familiar with green procurement but wary of the costs and uncertainties involved in venturing further down the path of environmentally driven purchasing. To outline a way forward, Weber Shandwick is pleased to provide its recommended top tips for communicators in the cleantech space.

## Top tips for cleantech communicators

**Communicating “clean” and “green” raises unique challenges for PR professionals. Strategies will always need to be tailored to the specific dynamics of each sector, circumstance and audience. There are, however, several imperatives that should be common factors in approach.**

- **Think systems.** One of the unique things about cleantech is that you can't effectively talk about what you're doing in a silo. It is all inter-related. If you do power storage, it relates to renewable energy and smart grid. If you do water, it's connected to energy. If you do biofuels, it impacts food, water and energy. Your point of view must be developed accordingly.
- **Market the solution, not the problem.** There is enough fatigue out there already about the environmental problems we face. Be a face for the solution.
- **Be specific.** Talking about “green jobs” or “renewable energy” is no longer enough and audiences are growing more sceptical about “greenwashing.” Talk about “wind energy jobs” or “solar power.” The more detail you provide, the more believable you become.
- **Drive sales by focusing on your customers' strategic priorities.** While it may be tempting to lead with the environmental benefits of your product or service, our research shows that compliance and ROI take precedence. Take time to research your customers and understand their primary motivations. Be more impactful by adapting your message and channels of communication accordingly.
- **Check the policy pulse.** Perhaps more than any other space, cleantech requires that you have your finger on the pulse of policy. Whether you are in clean energy, water, smart grid, biofuels or transportation – national and international policy will play a major role. Ignore engagement with policy makers at your peril.
- **Go digital.** Communications have moved online. Social media is the new currency. Find compelling content that can mobilise online communities and get traction for your brand. Ad spend and press releases are becoming less and less effective as the role of online search takes stories directly to individuals at the touch of a button. It can be cost effective, too.

## Introducing Weber Shandwick Cleantech

At Weber Shandwick, our public relations and sustainability experts have built a team across Europe that understands how to create lasting advocates for cleantech companies. We advise some of the largest infrastructure projects and some of the most innovative and fast-moving companies that make products designed to limit or mitigate climate change. From the industry's biggest corporations to early-stage companies, we help sustainability brands create recognition and build reputation in an increasingly competitive and noisy market.

Our network of professionals operates in 77 countries worldwide and is made up of technologists, financial communicators, corporate social responsibility experts, lobbyists and cleantech evangelists. We have a proven track record in helping our clients drive sales and generate new leads, as well as helping them build passionate advocates for their brand.

We help cleantech companies launch products and services, navigate financial waters and communicate effectively with governments and NGOs. Our experience spans a wide range of industries including energy efficiency, clean energy, biofuels, green IT, smart building and materials and advanced transportation.

Whether it's carbon capture or biofuels, solar cells or regenerative braking, all clean technologies face the communications challenges of generating understanding, interest and buy-in. From Green IT to Greenpeace, Weber Shandwick has experience challenging public perceptions of technology and raising awareness of innovative brands.

*"We are now entering a transition phase in cleantech, with the focus shifting from technology to market commercialisation. The winning technologies will succeed in large part because of marketing. But in the case of cleantech, it's not enough as a marketer to be a good practitioner of marketing. In a world of ever increasing sophistication and specialisation, in-depth knowledge of key drivers is essential to success. That means a deep understanding of underlying technology, cultural perceptions, policy and consumer behaviour. Moreover, there is an interconnectedness in cleantech that does not exist in other areas of the economy. This requires maintaining unusually high levels of visibility across multiple vertical industries."*

**William Brent** Global and North American Lead, Weber Shandwick Cleantech

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