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# Insight

FOR MARKETING AND COMMUNICATIONS PROFESSIONALS

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## When Push Comes to Pull: Why the Supply Chain Matters in Green Product Launches

There is much attention being paid to the “greening” of supply chains in order for brand owners to properly account for product life cycles and fulfill sustainability goals.

Walmart is leading the way, recently unveiling an ambitious plan to cut 20 million metric tons of greenhouse gas emissions from its global supply chain by 2015. That’s equivalent to taking more than 3.8 million cars off the road for a year.

However, less attention is being paid to the critical role the supply chain plays in successfully bringing to market the very technologies necessary for the Walmarts of the world to achieve their goals. And marketers who ignore this role may find that sales success lags expectations.

### Two Heads

When marketing a green technology, we are faced with a beast akin to the “Pushmi-Pullyu” from the 1967 Dr. Dolittle movie. This imaginary llama-like animal with a head at each end requires impeccable coordination for the creature to move forward.

Similarly, for a green product to achieve sales momentum, both supply chain partners and consumers must be compelled to embrace and evangelize for the new technology. Both a push strategy that appeals to the supply chain and a pull consumer campaign are necessary to ensure each audience is motivated to propel a product to success.

### Got E85?

Take, for example, E85 flexible fuel, the blend of 85 percent ethanol and 15 percent gasoline. Flex-fuel producers tout product advantages: it’s 20 percent cheaper than gasoline, it emits fewer green-

house gasses when burned and it’s made of U.S.-grown corn.

Understandably, it gained a lot of press and consumer interest in 2006 amid \$3-per-gallon gasoline prices, the wars in the Middle East and growing concerns about climate change.

E85 even had an automotive marketing behemoth in its corner. General Motors promoted the green technology and its growing fleet of flex-fuel vehicles with the “Live Green, Go Yellow” marketing campaign that launched with Super Bowl ads.

Today, consumers are embracing the technology. More than 7.5 million U.S. drivers are behind the wheel of E85-compatible vehicles, but very few are filling up with E85.

That’s because only 2,200 of the country’s 160,000 gas stations carry it, two-thirds of which are concentrated in 10 Corn Belt states. According to GM, car adoption is directly based on E85’s channel partner cooperation: 12,000 stations or more need to carry the product so that most Americans would be within two miles of a point of purchase.

### Green for Green

From startups to Fortune 500 companies, green technology has become a marketplace differentiator as consumer demand for more sustainable products rises. For good reason: a 2009 survey by the Boston Consulting Group found that even in the midst of the recession consumers increasingly associated green products with higher quality. Respondents also expressed a willingness to pay at least a five percent premium for specific green products that offer energy cost savings or health and safety benefits.



Often, the desire to meet this market demand and capitalize on media hunger for the latest green technology leads to corporate and marketing communications campaigns heavily targeted to end users. It is a classic pull strategy that secures first-mover status, establishes an organization's "green cred," creates market anticipation, and reassures investors.

## Price of Disruption

However, many green technologies rely on existing suppliers and channels-to-market for their eventual success, and each player along the way will have concerns that go beyond simple market demand. Of course, they share the same interest in competitive price and performance as do end users. But new green technologies can disrupt existing processes, create the need for new capital expenditures, and require a leap of faith that feedstock supplies and prices will be reliable.

In the case of E85 fuel, oil company suppliers resist it because it competes with their traditional petroleum products, represents added costs for separate storage tanks and trucks, and raises pipeline corrosion concerns. On the channel partner side, station owners, even those who are independent, have their own concerns: the addition of an E85 pump and storage tank can cost as much as \$200,000. And since the vehicles run on conventional gasoline as well as E85, demand is contingent on gasoline prices.

## Perfect Launch

Karen Butner, global supply chain management leader for the IBM Institute for Business Value, refers in a white paper to extensive supply chain collaboration as enabling the "perfect product launch." Communication is one of the hallmarks of what she terms extensive collaboration.

And while her focus is on operational collaboration between supply chain managers, there is also a need for communicators – from both marketing and corporate – to be in tune with supply chain concerns.

Product marketing is clearly an area where effective communication must connect suppliers and channel partners to meet sales objectives. But why corporate? Consider what could happen in the investing community, where there is a growing movement to position sustainability reporting as a vehicle of corporate disclosure on the "triple bottom line" affecting people, planet and profits. If suppliers or channel partners contradict optimistic expectations for a newly launched green product, confidence in the company's future financial performance may be shaken.

Being in tune with supply chain concerns can help communicators refine messaging to achieve communication objectives while mitigating negative response or action from those within the supply network and other important constituencies.


## Collaborative Push

Operational risks sometimes develop, but communications strategists can address concerns prior to launch by implementing a "collaborative push" communications strategy.

This means engaging supply partners during key phases in the development of communications strategies, including market conditioning and product launch. Involving suppliers at the beginning of a marketing effort presents a unified front to stakeholders, as well as deepens their commitment to creating demand and increasing sales of the new green technology.

This is a collaborative push communications strategy that can help keep momentum for launch building and need not detract from an aggressive pull campaign to end users.

Even if supply chain communications isn't on your to-do list, it's best to pay attention to these critical stakeholders.

Choose to ignore this specific "head" of the Pushmi-Pullyu during a product introduction and you may find that supply chain partners are digging their heels in the ground, while your sales and stock price do little. 

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