

## **Marks & Spencers' boss says mass market will not pay premium for 'green' goods**

Source: The Independent

Mass market consumers will pay a premium for innovation, but not for "greenness" says the head of UK retail chain Marks & Spencers' sustainable business initiatives, Mike Barry.

Speaking in Auckland to the Environment Defence Society's annual conference, Barry warned New Zealand agricultural producers that practising environmental sustainability would cut their costs and protect them from reputational damage in export markets, but it would not earn them more than conventionally produced mass-market goods.

"The consumer isn't willing to pay for it," he said, while laying out why M&S redoubled its sustainability efforts after the global financial crisis hit, because of the other benefits it provided the firm.

Sustainability practices opened up new revenue opportunities for M&S through "stretching the brand" into new product areas such as energy efficiency products and services.

He said innovation rather than green premium allowed margin growth, because consumers would pay more for great new products.

New Zealand food producers would need to "innovate on eating quality and sustainability at the same time."

M&S calculates a net \$195.6M contribution to its bottom line from cutting costs through sustainability initiatives and from the virtuous circle of living its brand through its staff, suppliers and customers.

Through the process of making these sustainability changes, M&S learned some important lessons:

1. Demonstration points are important. Rather than introducing a new initiative across the business, it was tested in a limited number of sites and then perfected or abandoned.
2. The "power of people" was critical to the programme's success.
3. Good project management is just as important as with any other activity.
4. Benchmarking against others is important so you're not too far ahead or behind the pack.

Barry said New Zealand should protect its "green" brand but be realistic about what Europeans and Americans believed "instinctively about this beautiful green place... You are pushing on an open door."

While negative stories about New Zealand's environmental record could cause harm, its reputation has been built over decades and would be difficult to erode.