

## Going Green: From Fringe to Mainstream

By Stefan Bewley  
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Green products and eco-friendly practices are emerging as important purchase considerations in the U.S. In fact, a Forrester Research survey found 12 percent of adults - some 25 million Americans – are willing to pay a premium for consumer electronics that use less energy or come from an environmentally-friendly company. Green business is transitioning from a fringe element into a lucrative market.

Although the mobile industry has adopted a variety of environmental initiatives, significant opportunity exists to more tightly integrate environmentally-sound practices with standard business operations to strengthen brand and increase competitive advantage.

Numerous mobile operators already maintain programs to reduce the environmental impact of their products. In compliance with regulatory requirements, the most prevalent American programs promote reuse or proper disposal of wireless phones, batteries and accessories. The diverse programs offered by mobile operators, retailers, recycling companies, and charities are leading an increasing number of users to return used handsets for recycling or reuse. Market research conducted by iSuppli reveals that, “U.S. consumers who bought new mobile handsets in the fourth quarter of 2007 recycled their old phones at double the rate that they did in the third quarter.”

Some U.S. mobile carriers go beyond recycling and also offer paperless billing. Despite these accomplishments, the American mobile marketplace has the opportunity to expand its environmental options and promotions to match efforts in Japan, Europe and other regions, where handset components are recycled and energy efficient handsets are emerging.

Going forward, the American mobile industry is likely to increase its green credentials in step with consumer demand. However, there is also an opportunity to get ahead by further reducing the environmental impact of mobile handsets and service plans. While targeting green consumers is a niche play today, material financial benefits will soon be gained by targeting the green consumer – especially as mobile market growth slows in the U.S. and green preferences strengthen.

A variety of opportunities exist for both service providers and device manufacturers to capitalize on innovations in other countries and to blaze new trails in recycling, sustainable materials, and energy and material waste reduction.

- **Recycling** – Despite carriers’ existing recycling programs, few players have integrated those programs into their brand and promotional strategies. To complement their existing capabilities, carriers could promote recycling campaigns to retain additional customers, improve their brand and benefit the environment. For example, a carrier could create an Earth Day campaign in conjunction with organizations such as Al Gore’s “We Campaign” to promote recycling by offering a customer credit for each phone brought in for recycling. This credit could then be applied towards value added services such as family GPS locators or a ring-tone download.
- **Sustainable Materials** - Increasing cell phone recycling is just one opportunity. The current cell phone recycling rate in the U.S. is only 10 percent, compared to 30 percent to 40 percent recycle rates for U.S. household waste. Even if recycling grew four-fold to 40 percent, tens of millions of phones (and their toxic metal components) would still be added to landfills each year. The impact of this waste could be mitigated with handsets that use less hazardous materials and contain biodegradable components. As an extreme example, Nokia’s proto-type phone, the Remade, is built from 100 percent recycled materials. In the future, handset components may include biodegradable plastic.

- **Energy and Material Waste Reduction** – Beyond handset materials, carriers can leverage a variety of opportunities to reduce materials and energy waste while increasing profits. As the most accessible technological platform, mobile phones' potential to be a source of green information is enormous. For example, mobile applications that monitor or control home energy consumption can reduce a consumer's carbon footprint and utility bills. In addition to energy conservation, wireless carriers can promote reduced material consumption. Going beyond current concepts such as paperless billing, mobile gift cards could replace paper and plastic cards. Similarly, mobile advertising may become more acceptable to the tens of millions of environmentally conscious consumers if it could clearly be linked to paper waste reduction.

These environmental opportunities should be viewed as potential sources of competitive differentiation, rather than regulatory requirements. As the U.S. mobile market approaches saturation, mobile carriers and handset vendors must develop a more diverse marketing strategy to appeal to and retain niche segments. Environmental initiatives can be a highly effective component of this diversified marketing strategy.

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