

## **USGBC - It's all in the marketing! – and there's an App for that!**

Readers who have taken Marketing 101 may recall that there are at least two key marketing sequences to consider when introducing new products like those involved with green building: (1) the market adoption process and (2) the product adoption process. These two processes may go by a variety of names and the basic steps may get reorganized a bit, but the fact remains that the market and the individuals within the market go through a sequential process in adopting a new product or group of products. Ignoring this sequential process is one of the few ways to create absolute market certainty – certainty of frustration and a high risk of failure.

### **Market Adoption Sequence**

Understanding this sequence requires understanding that not all individuals within a market are the same, and there are at least five important groups to be aware of. *Innovators* are those groups of individuals with the money and willingness to spend on new, creative, and relatively untested ideas. These individuals are critical to any new product introduction. Innovators take the risk of imperfection and provide the money for the early development and channel management challenges that are nearly always involved in a new product introduction. To a certain extent, purchases by innovators verify the validity of a concept or idea, and their willingness to explore a product prior to its perfection is essential for the refinement of product characteristics. *Early adopters* are very interested in new products, but tend to be less willing to put the effort in to obtain a completely new product or from new sources. As a result they end up being the canary in the channel testing process – helping to refine the distribution concerns related to new products. *Early majority* people are generally interested in the new concepts, but need to see them tested out first by others, as they are more risk averse, may have less disposable income, and likely prefer to go through more traditional market channels. *Late majority* individuals are dominantly interested in functionality and specific characteristics, are quite risk averse, and will generally purchase products through traditional channels after specific product-to-product comparisons. *Laggards* don't buy new products – they buy different products once they become well established and standard by a variety of measures.

To illustrate where you might fall in this spectrum: if you have all the latest gadgets and gizmos and don't track how much money you spend on them you are probably an innovator; if you stood in line to get one of the first iPhones, you may be an early adopter; if you have a smart phone of some sort you are probably a member of the early majority; if you just have a regular cell phone these days you are probably part of the late majority; and if you don't have a cell phone at all then you are likely in the group marketers would call "laggards." (If you still have a rotary phone or ask for the operator when you pick up the handset, you're definitely in this laggard group!)

### **Product Adoption Sequence**

Individuals, from each of these market groups, go through a new product adoption process as well. First they must become *aware* of the existence of the product, then gain *interest* in its attributes, and then *evaluate* what benefits these attributes provide to them individually. If the benefits match or exceed the cost of the product then the individual is likely to *try* it (e.g., buy it as a test), and if they end up liking the product better than alternatives they may *adopt* it for regular use. The speed at which a person goes through this process and the effort he or she is

willing to put into it is highly dependent on which of the above market segments he or she falls into; but all individuals appear to go through this process to some degree.

### **Green Building**

Green building programs offer a product/service that is going through both of these processes. It appears that, at least nationally, we are engaging the early adopter segment in the green building process, although some regions are well into the early – and perhaps even late - majority (e.g., California). Individually, people (especially those within the building industry) are more aware today than ever before of the existence of green building as a concept, and many have shown interest, but relatively few have put effort into evaluating particular practices or products. The complexity of the issue is an added hindrance to easy adoption. In other words, it seems as if a number of people have made it through the “awareness” and “interest” stages, but are hung up at “evaluate”. A key question for the individuals at this stage of the product adoption sequence is, “Do the benefits of green building exceed the costs?”

In the above general discussion about the market segments and the product adoption process we talked a bit about risk. Basically, the cost of early imperfections in a product and inefficiencies in the supply channel increase cost and reduce access. Apple is an example of a company that has attempted to address these risks by making their new products as trouble free as possible upon introduction and utilizing their own factory stores to control distribution. By introducing their new products through their factory stores they ensure that people are dealing with experts on the new item and limit the misinformation experience common with new products. This has led to some of the most successful new product introductions on record.

To some degree the US Green Building Council (USGBC) has approached the new product innovation process similarly, with some success. They have created their own factory controlled information outlets (LEED accredited professionals) in every state and many nations.<sup>1</sup> Thus they directly control the release of new information as well as the dissemination of information about USGBC programs in general. USGBC has also done an excellent job of identifying innovators and early adopters for their projects. The key was that the constructors of the “green buildings” needed to own them long enough to receive the long term benefits (e.g., operational savings) and needed to have the willingness and ability to make the extra investment required to achieve those long-term benefits. Libraries, schools, and creative individuals in the private sector were excellent targets.

In addition, the USGBC has effectively addressed the channels of distribution for their product (green building information) via their globally spread USGBC chapters, the GBCI<sup>2</sup> and LEED APs. All in all the USGBC has done a number of things right on the marketing side of the equation. Now it is clearly time to address the significant shortcomings in the performance of their end product – the buildings.

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<sup>1</sup> According to at least one blogger, USGBC hit the milestone of 100,000 LEED APs worldwide in April 2009, <http://www.reallifeleed.com/2009/04/its-official-100000-leed-aps-worldwide.html>

<sup>2</sup> The Green Building Certification Institute was developed with the USGBC and is responsible for the education and training of LEED APs.

A number of increasingly obvious problems exist in the USBBC product line (its green building standards and rating systems). These shortcomings specifically involve the relative “greenness” of buildings produced to LEED standards versus those that are not. People have rightly challenged the relative green credentials of a LEED certified 12,000 square foot single-family home. Yet for all their faults these certified projects provide the basis, upon which great improvement can be made, as well as the time and money to make those improvements. The key is to use this information and these resources to make improvements that increase the benefits of green building, so the next wave of adopters, those stuck in the evaluation stage, can join the green building movement.

Steps have been taken in recent months to address energy performance considerations within the LEED standards. Now changes are needed in the materials guidelines. Nowhere is there more confusion and greater desire for clarity among consumers than in decisions related to materials and resources. There is also nowhere greater disparity and misperception than in the product and materials standards of green building programs. For instance, in the LEED program, rapidly renewable is assumed to be good, regardless of source, whereas wood is assumed to be bad except with one finite exception. To some extent it could be argued that the reverse is actually more accurate. For a majority of materials there are no guidelines whatsoever.

In the enclosed article Dovetail staff recommend the modification of the proposed USGBC benchmark system for wood certification to include all major industrial raw materials. This is a simple solution with broad ramifications. With this simple fix, no longer would the answer to the green materials question be “it depends.” The answer would simply be “all materials must be certified to come from environmentally well-managed sources.” Holding all materials to a common standard is the first step toward a credible green building system that delivers as well as it is delivered.

The challenges being raised about the LEED standards are a natural part of the market adoption process, and are not reasons to detract from the core successes of the green building process. The first cell phones weren’t perfect, but they also weren’t anywhere near what we have today and this evolution occurred at a revolutionary pace. Innovators and early adopters in the marketplace have validated the green building concept, and the USGBC has demonstrated an ability to deliver on a grand scale. The time has come for the USGBC, and other green building programs to make the same kind of dramatic improvements in performance we’ve seen recently in smart phones.

- Dr. Jeff Howe  
*October 2009*