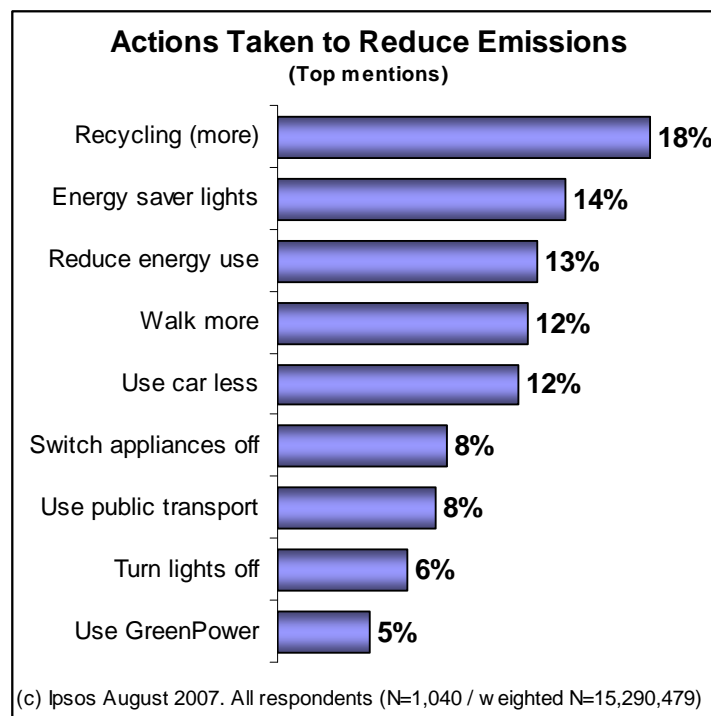


## Carbon offsetting – credible solution or just a ‘green fad’?

Today, most Australians consider themselves to be at least *fairly* environmentally conscious in their outlook and behaviours. In a series of national Ipsos online omnibus surveys, each with a robust sample of more than 1000 adults and weighted to match population demographics, the proportion of Australians who see themselves as *fairly*, *very* or *extremely* ‘green’ has risen significantly from 76% in May 2007<sup>1</sup>, to 81% in May 2008<sup>2</sup>.

Further, in the May 2008 survey, a large seven in ten (71%) also said that they have become more environmentally minded over the last two years (20% *much more* and 52% *a bit more*). It is, however, important to understand whether this self-perception is translating into behavioural changes that will actually benefit the environment.

In an August 2007 Ipsos survey, three in five respondents (62%<sup>3</sup>) said that they had specifically taken action to reduce their greenhouse emissions; most commonly through recycling, using energy saver lights, generally using less energy, and walking or taking public transport more while reducing car usage (see chart below).



However, when considering the number of Australians claiming they are taking each of these actions, it does not appear to be a particularly *concerted* response to climate change.

<sup>1</sup> Ipsos / I-view May 2007 national online omnibus. N=1065, weighted N=15,290,479

<sup>2</sup> Ipsos / I-view May 2008 national online omnibus. N=15,864, unweighted

<sup>3</sup> Ipsos / I-view August 2007 national online omnibus. N=1040, weighted N=15,290,479

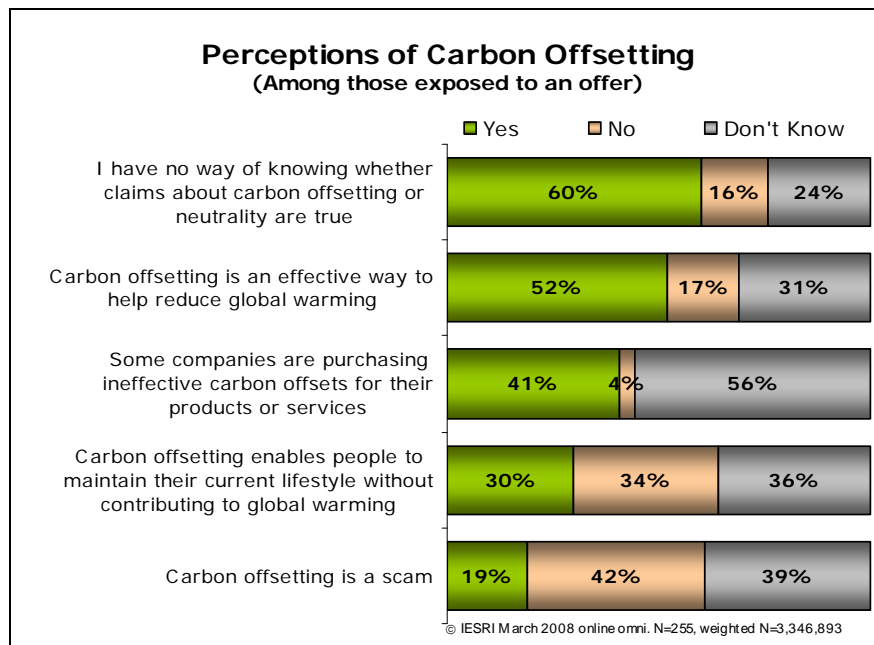


The majority of Australians say that the current state of the environment has influenced the types of products and services they buy (at 61% in May '08, up significantly from 42% in May '07). So, how is the rise of carbon offset marketing faring?

In the May '07 Ipsos survey, almost a quarter of respondents (23%) said they were *very* or *extremely* likely to pay 5% to 10% more for a product or service, if the additional cost was to offset the greenhouse emissions from the production, transport and/or marketing of the actual product or service. However, no-one mentioned having purchased an offset at the time. Ipsos research suggests that 'environmentally friendly' purchasing is more likely to occur when there is no major price differential between the standard version and the more environmentally friendly version of a product or service, with many consumers likely to switch to environmentally responsible products only when it doesn't impact on their lifestyle or budget. This said, it also helps if consumers are *aware* of and *understand* such offers.

Almost a year later, in a March 2008 Ipsos survey<sup>4</sup>, more than 1 in 5 Australians (22%) said that they had been exposed to some sort of offer relating to carbon offsetting, be it through being invited to pay extra for the offset (14%), the offset being included in the price (10%), or a claim that the product was carbon neutral (7%)<sup>5</sup>. It is clear from these results that despite a general perception of being more environmentally conscious and seeking to purchase environmentally friendly products and services, very few Australians have actually *noticed* any products with a 'carbon offset' feature.

Furthermore, qualitative research undertaken by Ipsos has consistently shown that many – if not most – consumers don't really understand what 'carbon offsetting' is. This is supported by the findings in the following chart.



<sup>4</sup> IESRI March 2008 national online omnibus. N=255, weighted N=3,346,893

<sup>5</sup> IESRI / I-view May 2008 national online omnibus. N=1030, weighted N=15,290,479

As in America, there is increasing dialogue here in Australia on the concept of 'greenwashing', with certain businesses jumping on the 'carbon neutral' / 'carbon offset' marketing bandwagon without necessarily having the appropriate substantiation behind their claims, and at times blatantly misleading the public. In response to growing concern about this, in February 2008 the Australian Competition and Consumer Commission (ACCC) released its "Green marketing and the Trade Practices Act" guidelines.

The Ipsos findings clearly show that the issue is worthy of further scrutiny, with around one in five people (19%) who have been exposed to a product or service with a carbon offset / neutral component believing it to be a scam, and a significant 39% unsure either way.

Of greater concern is that 30% believe that carbon offsetting will enable them to continue their current lifestyle without having to change their behaviour, and 52% believe it to be an effective way to help reduce global warming.

"These findings should be seen as worrying because they suggest that the carbon offset 'craze' could unravel some of the good inroads Australians have already made in embracing more sustainable ways of life, and erode our sense of personal responsibility for protecting the environment", says Jasmine Hoyer, Director, Sustainable Communities and Environment Unit at Ipsos, "and this could reduce the likelihood of us seeing the sorts of lasting behavioural and value shifts needed to ensure our wellbeing into the future."

To ensure that 'carbon offsetting' doesn't displace responsible behaviours, perhaps it should be *added* to the waste cycle, and as a *final* measure rather than a replacement: **Reduce -> Reuse-> Recycle -> Offset.**

Some additional findings from Ipsos' research include:

- Those who have undertaken some sort of post-graduate study are more likely to disagree with the statement "Carbon offsetting is an effective way to help reduce global warming" (32% said 'no', vs the average of 17%)<sup>6</sup>. This suggests that those who have undertaken higher education are more likely to recognise the limitations of the offering, realising that it is not going to 'save the day'.
- When shown a list of 30 current environmental issues, 28% of Australians would take action on carbon trading if they were in charge of making decisions for Australia<sup>7</sup>. This topic was ranked 28<sup>th</sup> most important of the 30, behind issues such as water conservation, climate change and litter reduction and storage. With 78% of Australians claiming they have had no exposure to 'carbon neutral' product or service offerings, this could be seen as a good opportunity for marketing leadership. The market could be taken on the journey, with education on what 'carbon offsetting' entails, in simple terms, and how it rates against other actions consumers can take to reduce their environmental impact.

<sup>6</sup> IESRI March 2008 online omnibus. N=255, weighted N=3,346,893

<sup>7</sup> Ipsos / I-view August 2007 online omnibus. N=1040, weighted N=15,290,479

- A number of findings suggest that females have a greater need than males for education on the necessity of doing more than just carbon offsetting<sup>6</sup>:
  - Females are more likely to believe that carbon offsetting enables people to maintain their current lifestyle without contributing to global warming (38%, compared with 23% of males).
  - Females show a higher incidence of agreeing with the statement “Carbon offsetting is an effective way to help reduce global warming” (61% vs 46% of males).
  - Males are more likely to believe that some companies are purchasing ineffective carbon offsets for their products or services (47% vs 32% of females) and believe that carbon offsetting is a scam (29% vs 7% of females).

The jury is clearly still out on whether carbon offsetting is seen as a credible solution to climate change, with most Australians either sceptical, naïve or uninformed on the topic – and this presents a significant challenge for educators, policy makers and marketers alike; let alone the humble consumer!

The Sustainable Communities and Environment unit at the Ipsos-Eureka Social Research Institute (IESRI) regularly undertakes research to understand the Australian situation and context in terms of environmentally and socially responsible behaviours and opinions.

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