

## PRESS RELEASE

### Waiting for carbon offsets that more English people find credible

*Many English people like the idea of carbon offsets, but are not convinced they work well in practice. Based on our primary research, this document also provides a discussion about how better carbon offsets could be developed and marketed; and, by way of example, explores the case for a credible rainforest carbon offset scheme.*

**Montreal, August 3<sup>rd</sup> 2009**

#### In a nutshell

A key target for voluntary carbon offsets are 'people who fly and are concerned about climate change'. The majority (56%) of English 'Climate Citizen'<sup>1</sup> flyers' like the principle of carbon offsets with a smaller proportion either *Ignorant* (24%) or *Sceptical/Confused* by them (20%). Yet, many of those who are positive about the principle of carbon offsets are either unsure or negative of how they generally work in practice.

Amongst all English 'Climate Citizen flyers', 26% are *Ready-to-be-Convinced* by carbon offsets (like the principle; unsure how they work in practice), a further 9% are *Disappointed* (like the principle; do not think they work well in practice) and just 21% are *Enthusiasts* (like the principle; like how they work in practice).

This implies a substantial unmet consumer need for organizations to offer voluntary carbon offsets which enjoy broader public credibility. This analysis is designed to enable carbon offset organisations better define their marketing, and communications, objectives. It also provides a performance matrix for new carbon offset ideas since new concepts could be tested to see whether they are convincing to those who are in the *Ready-to-be-Convinced* and *Disappointed* segments.

There is also little recognition of many current offset providers. Amongst all English adults, Morgan Stanley was the most recognised carbon offset provider (by 21%), followed by Climate Care (by 10%). With Morgan Stanley, there may well be heightened brand recognition due to its activities in other markets rather than its offset scheme.

We argue that carbon offsets have the potential to make a very valuable contribution to tackling climate change. To illustrate how this could be done, we explore how a rainforest offset scheme could be developed to exploit this opportunity.

The study, run in late-September/early-October 2008<sup>2</sup>, was conducted amongst nationally representative samples of over 1,000 people per country in Canada, England and the USA.

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<sup>1</sup> A segmentation, developed within the Environmental Choices 2008 study, has classified people into 3 types according to their attitudes towards climate change – from *Climate Citizens* (who are most engaged with climate change), to *Mild Greens* (who are moderately engaged) to *Sceptics & Uninvolved* (who are least engaged). For more information, visit [www.haddock-research.com/segmentation](http://www.haddock-research.com/segmentation)

<sup>2</sup> Conducted as part of the Environmental Choices 2008 study, [http://www.haddock-research.com/public\\_opinion\\_monitor](http://www.haddock-research.com/public_opinion_monitor)

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## **Key Findings**

Within the survey, respondents were asked about their level of agreement or disagreement, or whether they had no opinion, regarding these two statements:

*'In principle, carbon-offset schemes are a good idea'*

*'In practice, carbon-offset schemes generally work well'*

The results showed that many English people like the idea of carbon offsets, but are not convinced that they work well in practice.

A useful analysis combines the answers to these two questions, generating a 6-fold segmentation according to people's attitudes towards carbon offsets.

- *1. Enthusiasts for carbon offsets* – This is the group, **representing 16% of all English adults**, who are most positive about carbon offsets. *Enthusiasts* are those who agree that carbon offsets are a good idea and also that carbon offsets generally work well in practice.
- *2. Ready-To-Be-Convinced by carbon offsets* – People in this segment, representing **20% of all English adults**, agree that carbon offsets are a good idea, but have no opinion about whether they generally work well in practice.
- *3. Disappointed by carbon offsets* – **6% of all English adults** agree that carbon offsets are a good idea, yet think they do NOT generally work well in practice.
- *4. Ignorant about carbon offsets* – Those who are *Ignorant* do not have an opinion about either the principle or practice of carbon offsets; representing **38% of all English adults**.
- *5. Confused about carbon offsets* – A very small proportion of people (**2% of all English adults**) have a positive opinion about how carbon offsets work in practice yet are either unsure or negative about the principle of carbon offsets.
- *6. Sceptics about carbon offsets* – People in this group, representing **19% of all English adults**, do not think that carbon offsets are a good idea and/or they do not think they generally work well in practice -and have no positive opinions about offsets.

Taking an international comparison, fewer English people are *Ignorant* (38% are) about carbon offsets than either Canadians (48% are *Ignorant*) or Americans (48% are *Ignorant*). Yet, English people, in particular, need to be convinced about how well carbon offset schemes work in practice. 20% of English people are *Ready-to-be-Convinced* by carbon offsets compared to 12% of Canadians and 12% of Americans.

This implies a substantial unmet consumer need for organizations to offer voluntary carbon offsets which enjoy broader public credibility. This analysis is designed to enable carbon offset organisations better define their marketing, and communications, objectives. It also provides a performance matrix for new carbon offset ideas since new concepts could be tested to see whether they are convincing to those who are in the *Ready-to-be-Convinced* and *Disappointed* segments.

A key target for carbon offsets are the *Climate Citizen 'flyers'*. These are the people one might most expect to purchase voluntary carbon offsets.

In England; 26% of *Climate Citizen 'flyers'* are *Ready-To-Be-Convinced*, 24% are *Ignorant*, 21% are *Enthusiasts*, 17% are *Sceptical*, 9% are *Disappointed* and 3% are *Confused*.

The research also tested recognition for 15 organisations related to carbon offsets or carbon labelling<sup>3</sup>. There is little recognition for most of these organisations. Amongst all English adults, the most recognised carbon offset organizations were Morgan Stanley (by 21%) and Climate Care (by 10%)<sup>4</sup>. With Morgan Stanley, there may well be heightened brand recognition due to its activities in other markets rather than its offset scheme.

We also tested the Carbon Trust name/logo, as a carbon labelling organization, and this was recognised by 31%.

Further information on this topic can also be found at:

[www.haddock-research.com/environmental\\_choices/EC2008\\_3g\\_Offsets\\_and\\_Business](http://www.haddock-research.com/environmental_choices/EC2008_3g_Offsets_and_Business)

### **About Haddock Research & Branding, Inc.**

Haddock Research & Branding Inc. is a full-service market research agency focusing on climate change and the low-carbon economy. Making use of the latest advances in survey design, Haddock advises businesses on how best to develop profitable low-carbon opportunities; and provides governments with the vital information they need to mobilize people to take action on climate change. For further information, visit our website - [www.haddock-research.com](http://www.haddock-research.com)

For enquiries, please contact Peter Winters, President, Haddock Research & Branding, Inc. [peter.winters@haddock-research.com](mailto:peter.winters@haddock-research.com). This Environmental Choices survey is entirely self-funded and more details, along with free summaries of the results, are available from our website<sup>5</sup>.

The next part of this press release provides a discussion about voluntary carbon offset schemes, specifically with suggestions about how a credible voluntary rainforest offset scheme could be created. Any comments are solely the responsibility of Haddock Research, and we not being endorsed by third parties. In the final section of this document are charts which provide supporting evidence for this press release.

<sup>3</sup> For list of organisations, see appendix to this document

<sup>4</sup> Amongst *Climate Citizen 'flyers'* (n=156), 26% recognised Morgan Stanley as a carbon offset organization, and 8% recognised Climate Care.

<sup>5</sup> Visit the Free Reports section of [www.haddock-research.com](http://www.haddock-research.com); and registration is required to download the free reports. More detailed results are available in the published reports section.

## A discussion about elements of a credible voluntary carbon offset scheme

### Scope

Currently, the simple idea behind carbon offsets is that if you are responsible for causing greenhouse gas emissions equivalent to a ton of CO<sub>2</sub>, you should pay for a ton of CO<sub>2</sub> to not be emitted elsewhere. Ideally this would be part of a coherent plan to minimize your 'carbon footprint'<sup>6</sup>. Yet this simple idea presents difficult challenges in implementation – particularly to do with equivalence<sup>7</sup>, additionality<sup>8</sup>, being used as 'an accounting trick' to meet policy obligations<sup>9</sup>, and creating perverse incentives<sup>10</sup>. Indeed, the use of carbon offsetting has drawn some strong criticism<sup>11</sup> and it seems that some of this type of negative publicity has had an impact on public opinion. Many people who are concerned about climate change, and know about carbon offsets, are unconvinced that carbon offset schemes generally work well in practice.

Yet, public credibility of carbon offset schemes is important since it enables:

- individuals to manage their personal contribution to climate change more effectively,
- key low-carbon leaders to do their job without attracting undue criticism<sup>12</sup>,
- money raised by carbon offsets be better allocated,
- the airline industry (and other sectors) to develop more credible low-carbon strategies

In this discussion document, and based on this consumer research, we hope to spark innovative development of voluntary carbon offset schemes which would have greater credibility with the public. These discussion points are aimed at developing, and marketing, voluntary carbon offset market to individuals (and organizations) who have discretion about how they might offset their emissions. The much larger compliance offset market is not going to be directly addressed in this document, apart from to note that the voluntary offsets market has the potential to lead the way for this compliance market. As a 2007 UK government report noted:

*"33. One of the strengths of the voluntary market highlighted to us in evidence is its ability to be a source of 'innovation' for the credits and projects operating outside the compliance market .... 34. The voluntary market also supports a diversity of projects and can act as a testing and learning ground for new projects wanting to enter the compliance market. This is particularly the case for forestry and land-use change projects."*<sup>13</sup>

<sup>6</sup> 'Where does offsetting fit into a robust carbon management strategy' Carbon Trust - <http://www.carbontrust.co.uk/carbon/briefing>

<sup>7</sup> For example, should a discount rate be applied to match emissions created now with reductions generated later?

<sup>8</sup> 'Additionality' is about whether the emissions reductions which are really going to be created in addition to what would have been done anyway (something which is literally impossible to prove)

<sup>9</sup> Offsets are described as 'an accounting trick' for governments by Roger A. Pielke, in 'The Folly of 'Magic Solutions' for Targeting Carbon Emissions, Jul 29, 2009 <http://e360.yale.edu/content/feature.msp?id=2175>

<sup>10</sup> For example, Outsize Profits, and Questions, in Effort to Cut Warming Gases, Dec 21, 2006, - [http://www.nytimes.com/2006/12/21/business/21pollute.html?\\_r=1](http://www.nytimes.com/2006/12/21/business/21pollute.html?_r=1)

<sup>11</sup> Friends of the Earth; A Dangerous Distraction, June 2009, <http://www.monbiot.com/archives/2006/10/19/selling-indulgences/>

<sup>12</sup> Such as, 'The Prince of hypocrites: Charles embarks on 16,000 mile 'green' crusade... aboard a private jet, Daily Mail, Feb, 14, 2009' - <http://www.dailymail.co.uk/news/article-1145127/The-Prince-hypocrites-Charles-embarks-16-000-mile-green-crusade--aboard-private-jet.html>

<sup>13</sup> UK, House of Commons, Environmental Audit Committee, The Voluntary Carbon Offset Market, 23 July 2007 <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmenvaud/331/331.pdf>

## **A. Developing a credible voluntary carbon offset scheme**

### ***A.i. Climate change as a strategic challenge***

Since tackling climate change has an essential strategic dimension, we should not demand that a ton of CO<sub>2</sub> spent should be matched with a ton of CO<sub>2</sub> 'saved' elsewhere. Instead, people could calculate an appropriate amount for each ton of their CO<sub>2</sub> emissions, and allocate that money to a 'strategic voluntary carbon offset scheme' which contributes to creating a low-carbon world.

A recent study published in Nature<sup>14</sup>, makes the point that the '*risk of dangerous climate change is primarily determined by the total amount of carbon dioxide that we, the human race, release into the atmosphere over all time, not by emissions in any particular year.*'<sup>15</sup> Dr Myles Allen, one of the co-authors of the original study, invokes a military comparison, when he asks our general's strategy for tackling climate change.

To follow this metaphor, Napoleon was a supreme military commander, yet without an exit strategy. Napoleon's continuous rule was ended by a group of marshals, led by Ney, who were totally demoralized and wearied beyond bearing, and mutinied at Fontainebleau on 4 April 1814<sup>16</sup>, forcing his abdication two days later. After many years of glory, many victorious military campaigns combined with heroic efforts by his subjects, France was ruined.

Similarly, Dr. Allen also writes that '*heroic efforts to reduce your family's carbon footprint will reduce your contribution to the current rate of emission of carbon dioxide. But what our research papers coming out today show is that emitting carbon dioxide slower will not prevent dangerous climate change unless it is a means to an end of phasing out carbon dioxide emissions altogether.*'

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<sup>14</sup> 'Warming caused by cumulative carbon emissions towards the trillionth tonne', Nature 458, 1163-1166 (30 April 2009), Dr. Myles Allen et al <http://www.nature.com/nature/journal/v458/n7242/abs/nature08019.html>

<sup>15</sup> Dr. Myles Allen, Generals must give us their exit strategy for climate change, Apr 29, 2009

<http://www.guardian.co.uk/environment/cif-green/2009/apr/29/climate-change-research-myles-allen>

<sup>16</sup> The campaigns of Napoleon, David G. Chandler, 2002, p.3.330

## ***A.ii. It's not about you – there are some other critical and urgent issues to solve***

The credibility of carbon offsetting has been undermined by the idea that they are (just) a means to address a guilty conscience – claimed to be similar to how absolution could be bought through paying indulgences to the Catholic Church in the middle-ages<sup>17</sup>. Perhaps one of the reasons that this is such a powerful idea is that personal action to tackle climate change is often first thought of as a personal, ethical issue.

Yet a key focus should be on how effective carbon offsets are in tackling climate change. Minimizing personal carbon emissions by concerned consumers in the developed world is not going to be sufficient to tackle emissions growth; there are some crucial and urgent other issues to address. Revenue from carbon offset schemes could help manage these issues. Much of the growth in emissions is expected to come from the developing world<sup>18,19</sup>, and preserving tropical rainforests is increasingly recognized as a crucial goal<sup>20,21,22</sup>.

And, whatever we might think about the ethics of medieval indulgences, the Catholic Church did build some wonderful cathedrals.

As an historical footnote, the medieval Catholic Church actually believed that indulgences could not be used to forgive sins; rather they should only be used to relieve the punishment due because of the sins. Sins would still need to be absolved by a priest for the sinner to receive salvation.

Indulgences were used throughout the medieval period. Pope Leo X (1475 – 1521) was noted for how strongly he promoted the sale of indulgences, using some of the proceeds in the renewal of Rome. In particular this money was used to commission work by Michelangelo and Raphael in such buildings as the new St. Peter's, and the Basilica of St. Lorenzo in Florence. In 1517, Martin Luther wrote a treatise objecting to how the system of indulgences was being abused, initiating the Protestant Reformation.

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<sup>17</sup> George Monbiot, Selling Indulgences, October 19, 2006, - <http://www.monbiot.com/archives/2006/10/19/selling-indulgences/>

<sup>18</sup> Energy Business Daily, Year 2030 to Witness a Rise in Global Carbon Emissions, June 1, 2009, <http://energybusinessdaily.com/global-warming/year-2030-to-witness-a-rise-in-global-carbon-emissions/>

<sup>19</sup> Greenpeace, 'Polluting power, ranking China's power companies', July 28, 2009, <http://www.greenpeace.org/china/en/press/reports/power-ranking-report>

<sup>20</sup> Indeed, an initial inspiration for this discussion document comes from Jonathon Porritt, who describes an offset concept in 'Living within our means', Mar 24 2009 <http://www.forumforthefuture.org/living-within-our-means> as follows (p.39): "The basic idea is a simple one: the countries that have the forests are poor, and cannot afford (it is argued) not to develop them. Their full value as carbon stores and climate regulators is not properly reflected in the market price paid for the timber from them. How could it be? But now that we've come to recognise the full value of those all-important "services", all we need to do is agree on a price for those services and make over to the owners of those forests an equivalent per-hectare payment to compensate them for the "profits foregone" for keeping their forests intact. This could be done in a number of ways, including rich countries making direct payments to rainforest countries to "offset" a given percentage of their own greenhouse gas emissions. For example, if the UK wanted to offset 1 million tonnes of its own annual CO2 emissions, at a price of (say) £20 a tonne, it would "contract" with a rainforest country to permanently protect the hectareage required to keep 1 million tonnes of CO2 sequestered, and hand over £20 million every year."

<sup>21</sup> Little REDD book, [www.globalcanopy.org](http://www.globalcanopy.org)

<sup>22</sup> 'An Emergency Package for Tropical Forest', The Prince's Rainforest Project, (published April 2009), provides ideas about how the preservation of these rainforests could be financed, [http://princes.3cdn.net/f29d276ce664b2db67\\_y6m6vtxpe.pdf](http://princes.3cdn.net/f29d276ce664b2db67_y6m6vtxpe.pdf)

### ***A.iii. Reaching the parts that government and the market system cannot***

There are a wide range of carbon offset schemes to choose from<sup>23</sup> - everything from tidal energy machines, to tree planting in Mozambique to retiring government emissions permits. Yet, like charity giving, a key consideration should be to choose those schemes not being well tackled by government and business. And governments and businesses seem well placed to develop low-carbon solutions in the critical areas of industry, transport, buildings and power as part of an integrated 'innovation chain' approach<sup>24</sup>. Governments are also working hard to exchange clean technologies – such as between the EU and China<sup>25</sup>.

In this context, carbon offset scheme providers need to demonstrate how they can make a difference beyond what governments and the market system can achieve.

### ***A.iv. Using carbon offsets as part of a 'whole-person' approach***

Organizations offering voluntary carbon offsets should support people in their endeavours to be 'low-carbon heroes'. They should take a 'whole-person' approach to guide and empower them<sup>26</sup>. Over time, people can make their houses and transport choices more and more low-carbon – and this will become progressively easier as new technologies become available. People can invest their pensions in clean tech companies. They can provide politicians with the direction and 'political space' to deliver low-carbon policies. And they help fund carbon offset schemes they believe in, and do this in proportion to their own personal carbon emissions.

Yet, people need to keep a practical perspective in how they can contribute to tackling climate change. Too great a focus on personal 'carbon-purity' can get in the way of being effective. It's more important to get the gas guzzlers off the road than be too concerned about which type of fuel-efficient car to choose between<sup>27</sup>. Carbon offset schemes have the potential to offer a practical and credible way for people to be make effective choices.

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<sup>23</sup> See Carbon Offset Review for a directory of carbon offset programs - <http://www.carbonoffsetreview.com/>

<sup>24</sup> Breaking the Climate Deadlock report on how world leaders can tackle climate change with technology, The Climate Group, July 6, 2009 [http://www.theclimategroup.org/news\\_and\\_events/breaking\\_the\\_climate\\_deadlock\\_technology\\_report/](http://www.theclimategroup.org/news_and_events/breaking_the_climate_deadlock_technology_report/)

<sup>25</sup> China-European Commission agreement on CCS, David Milliband blog, June 30, 2009 [http://blogs.fc.gov.uk/roller/miliband/entry/china\\_european\\_commission\\_agreement\\_on](http://blogs.fc.gov.uk/roller/miliband/entry/china_european_commission_agreement_on)

<sup>26</sup> An example of such an approach is provided by Climate Care, <http://www.jpmorganclimatecare.com/climate/low-carbon-living/>

<sup>27</sup> The mpg confusion, Real Climate September 23, 2008, <http://www.realclimate.org/index.php/archives/2008/09/the-mpg-confusion/>

### ***A.v. Creating credible carbon offsets with a high guarantee of permanent value***

Following the arguments presented so far, preserving tropical rainforests seems a good fit for voluntary carbon offset schemes. And, in addition to their potential for saving carbon emissions they also are crucial in helping preserve global bio-diversity – addressing two of the main environmental challenges we face<sup>28</sup>.

A recent report, indicated that there is *'a growing recognition that forests must be a major part of the solution to climate change and that well designed and well run forest projects can lessen climate change while providing social and environmental benefits that no other offset technology can'*<sup>29</sup>. It also stated that *'worldwide, forest carbon offsets represented 18% of the voluntary carbon market in 2007'*. However, *'the attitude towards forestry projects is far more positive in North America and the Rest of the World than it is in Europe'*, with *'concerns around non-permanence of achieved GHG reductions in forestry projects are still the most common caveat against forestry offsets'*.

This concern over non-permanence is a crucial test for a forestry offset, since a carbon offset only really *'works'* if it secures, in perpetuity, a genuine reduction in greenhouse gas emissions. What level of guarantee can forestry offset projects offer that such reductions will last for hundreds of years? And what would be a reasonable price to pay, per tonne of carbon offset, for a high level of guarantee?

Where the proceeds of indulgences were used to build St. Peter's, the process had some lasting value; where they were used to pay for the *'plenty of monumental Gothic buildings (which) have been neglected and have descended into ruin, (or) have been shattered by the violence of war and revolution'*<sup>30</sup>, it did not<sup>31</sup>.

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<sup>28</sup> Protecting the atmosphere and biodiversity have been long time concerns for environmentalists. A survey we conducted after the 1992 Earth Summit showed that most important chapters from Agenda 21 were thought, by British Environmental Decision-Makers, to be '9. Protecting the atmosphere' and '15. Conservation of Biological Diversity', 'The road from Rio: A survey on reactions to the Earth Summit' (1993), The Conservation Foundation, Peter Winters

<sup>29</sup> 'The forest carbon offsetting survey 2009', EcoSecurities, Apr 19, 2009, pages 4, 8 and 12  
<http://www.greenbiz.com/resources/resource/forest-carbon-offsets-survey-2009>

<sup>30</sup> 'Universe of Stone: Chartres Cathedral and the Triumph of the Medieval Mind' (2008) Philip Ball, p.18

<sup>31</sup> I am grateful to Dr. Myles Allen who made this general comment, received in a private email.

## B. Marketing a credible voluntary carbon offset scheme dedicated to preserving rainforests

This section describes how a credible voluntary carbon offset scheme might be effectively developed. To help illustrate the argument, we will consider 3 'actors', although we wish to stress that we are making no recommendation, and receive no endorsements for who the offset provider, or airline might be.

- A carbon offset scheme used to support tropical rainforest projects, which we'll call **SAVEFOREST OFFSETS**
  - *This could be created by a collaboration between an offset scheme provider and a credible forestry organization*
- The 'low-carbon hero' - Jo Jamison, campaigner at Operation Noah<sup>32</sup>
  - *it allows 'low-carbon heroes' to make better, more practical environmental choices (and also, hopefully, helping them deal with personal angst)*
- An airline looking to develop a credible low-carbon strategy, which we'll call **GOODAIR**
  - *it could help address its commercial vulnerability compared to other low-carbon modes of transport/telepresence; and*
  - *help improve consumer brand preference compared to other airlines, and*
  - *help address employee, investor and other stakeholder concerns about climate change*

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<sup>32</sup> Public Email of June 4, 2009: **Subject: A dilemma I'm hoping you can solve:** *It's my grandmother's 100<sup>th</sup> birthday in a few weeks. She lives in [grandmother's location] and I live in [major city]. Should I take the train and boat which will take me 27 hours to do the round trip (with a 5am start on the return) or the plane which will take 8 hours round trip and will be exactly 50% less in cost? What's a cash-strapped and time-poor 20 something supposed to do? Will flying just this once really make a difference? Let me know what I should do! All the best,* Jo, Jo Jamison, Operation Noah, <http://www.operationnoah.org/>

## ***B.i. Better 'Point of Sale' contact for flight offsets***

Our research picked-up very little usage of any of the offset schemes tested to offset personal flights; however, this may partly be to do with people not knowing which offset scheme they used. For example, consider if you bought your flight ticket from British Airways. This airline promotes the *process* of the offset - that it is government approved and of high quality<sup>3334</sup>. What is not well advertised is that the British Airways offset scheme is being managed by Morgan Stanley<sup>35</sup>.

Currently, many carbon offset providers aim to attract people outside of this direct point of sale, on an airline website. If you wished to support another offset scheme directly, it would be a matter of selecting your preferred offset scheme provider, such as Carbon Retirement<sup>36</sup> or Climate Care<sup>37</sup>, and then sending money to them directly according to how much you fly (or otherwise cause carbon emissions).

Ideally, *SAVEFOREST OFFSETS* would reach an agreement with *GOODAIR* to heavily promote the scheme on the *GOODAIR* website. For example, it could be given a prominent position on the *GOODAIR* home page, in *GOODAIR* publicity and during the ticket purchase process on the *GOODAIR* site. *SAVEFOREST OFFSETS* would also publicize this arrangement with *GOODAIR*.

Indeed, *GOODAIR* need not offer an exclusive deal with just *SAVEFOREST OFFSETS*. It could be that they aggressively promote *SAVEFOREST OFFSETS*, but facilitate purchase of a wide selection of other offsets. In every case, people buying offsets with *GOODAIR* flights should be very familiar with who they are buying their offsets from.

## ***B.ii Create a relationship with the customer***

*SAVEFOREST OFFSETS* should aim to develop a relationship with their customers. An integrated loyalty program should be developed with people who buy offsets through the scheme. This process should not 'reinvent the wheel' – there is an established 'loyalty rewards industry' which can advise on how best to develop this program, and this also includes user feedback and revenue opportunities through online market research<sup>38</sup>.

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<sup>33</sup> At the point of sale on the BA site, the text reads 'Our carbon offsetting programme is government approved and your money will go towards UN certified emission reduction projects'

<sup>34</sup> In the 'Find out more about the Government's carbon offset Quality Assurance Scheme', [http://www.britishairways.com/travel/csr-your-footprint/public/en\\_gb](http://www.britishairways.com/travel/csr-your-footprint/public/en_gb) there are sentences which reads 'British Airways became the first airline, and one of the first UK companies, to win Government approval for its carbon offsetting scheme in March 2009. The scheme is administered by independent climate change and energy consultancy AEA on behalf of the Department of Energy and Climate Change (DECC). Its aim is to provide confidence and clarity to consumers to support them in identifying high quality carbon offsets.' This leads to <http://offsetting.defra.gov.uk/>

<sup>35</sup> In the 'How is the carbon offset contribution calculated', there is sentence which reads 'Morgan Stanley, who are specialists in sourcing emission reductions, will use offset contributions to fund a portfolio of projects.' [http://www.britishairways.com/travel/csr-your-footprint/public/en\\_gb](http://www.britishairways.com/travel/csr-your-footprint/public/en_gb)

<sup>36</sup> <http://www.carbonretirement.com/>

<sup>37</sup> <http://www.jpmorganclimatecare.com/>

<sup>38</sup> As examples, see [www.ecoa.org](http://www.ecoa.org) for loyalty programs, and [www.e-rewards.com](http://www.e-rewards.com) provides online research capabilities from these programs

### **B.iii. Focus on the destination, not the journey, with concrete stories**

*SAVEFOREST OFFSETS* should emphasize what it is trying to achieve rather than the mechanics of the offset. As B.C. pollster Angus McAllister says 'If you are a travel company trying to sell a tropical vacation, you emphasize the beach, not the flight'<sup>39</sup> (as *GOODAIR* in-flight magazines would likely do very well). People who buy offsets with *SAVEFOREST OFFSETS* should be encouraged with vivid and detailed stories about these types of activity, and how their offset contributions help make such progress possible<sup>40</sup>.

In the book 'Made to Stick', which studies how ideas take hold, Chip and Dan Heath show the importance of making ideas 'concrete'. In one example, they describe how The Nature Conservancy, when trying to protect large areas of environmentally-sensitive land, created brand names for various landscapes to make them more real, and valuable, to people<sup>41</sup>.

### **B.iv. Better brand name differentiation**

There are a large number of similar-sounding carbon offset providers – typically incorporating the words 'carbon' and 'climate'. A more differentiated name would help create the brand identity.

### **B.v. Work on emotions and associations that people have about carbon offsets**

This marketing campaign should also consider the need to rebrand 'carbon offsets'. Although further research would be useful to confirm this, current associations amongst those sceptical about current offset schemes might focus on a belief that they 'don't work', that they are 'indulgences' and perhaps that are run by the 'fat cat', 'bailed-out' Wall Street investment banks<sup>42</sup>. In this context, the rebranding of carbon offset schemes would be concerned with getting people to think differently about what carbon offsets means to them and how they would use them. One British analogy is to consider how Lucozade was rebranded, in the early 1980s, where advertising was used 'to shift the brand associations away from illness and towards empowerment'<sup>43</sup>.

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<sup>39</sup> How a B.C. carbon tax rose from Dion's ashes, Mar 18, 2009 <http://www.sustainableprosperity.ca/story/how-bc-carbon-tax-rose-dions-ashes>

<sup>40</sup> As an example of such a scheme, see 'In Ecuador, an Unusual Carbon-Credit Plan to Leave Oil Untapped', May 26, 2009 - <http://www.washingtonpost.com/wp-dyn/content/article/2009/05/25/AR2009052502402.html?hpid=sec-world>

<sup>41</sup> Made to Stick (2007), Chip & Dan Heath, p.102

<sup>42</sup> This Environmental Choices research showed that amongst the most publically recognised carbon offset schemes were run by Morgan Stanley and JP Morgan (Climate Care).

<sup>43</sup> <http://en.wikipedia.org/wiki/Lucozade>

## **B.vi. Better data**

There should be better data about how much people are using offsets, and which schemes are working well. This would help better manage the effectiveness of these schemes, and overall provide credibility to the entire voluntary carbon offset market. The bottom line is that voluntary carbon offsetting will always lack credibility unless it is widely used, and this requires collecting appropriate evidence.

Perhaps the newly formed *Advisory Forum on the Quality Assurance Scheme for Carbon Offsetting*<sup>44</sup> could take some role in co-ordinating such data collection?

One problem is that carbon offsetting organizations would only know how much people are using their own schemes, rather than a complete market picture.

In 2007, the UK government Environmental Audit Committee noted the lack of 'analytical data' in the area of voluntary carbon offsets<sup>45</sup>. The committee took oral evidence from 3 airlines – Virgin (which did not have an offsets scheme at the time, but now has), British Airways and SilverJet. The committee was critical of the level offsetting that had been done with the BA scheme<sup>46</sup> - yet this would not have included offsets that British Airways flyers make directly with offsetting companies (at least, there was no mention of this information). British Airways has since upgraded its offset scheme and in March 2009, became the first airline to win government approval for this program<sup>47</sup>.

## **B.vii. Encouraging airlines to be 'climate change leaders'**

SilverJet, who described their compulsory offset program to the Environmental Audit Committee in 2007, ceased trading in 2008.

In these challenging times for the airline industry, there should be appropriate incentives, support and encouragement for airlines to lead the way in how they tackle climate change. For example, what more can the government do to promote their carbon offsetting quality assurance scheme in a way which helps the airlines which comply with it?

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<sup>44</sup> Minutes of this committee are posted on their website - <http://offsetting.defra.gov.uk/>

<sup>45</sup> Environmental Audit - Sixth Report, House of Commons, July 3, 2007, 'para. 102. We asked for evidence on whether or not offsetting should become compulsory for some of the more carbon-intensive activities, such as flying. Although there is an absence of analytical data in this area, anecdotal and other evidence points to air travel being a principal area in which individuals in particular are more likely to want to offset. As one of the most carbon intensive activities in which a member of the general public is likely to engage, it is something on which the carbon offset industry focuses both on its websites and in its literature. Indeed, several companies exist to offset flights and flights alone..'

<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmenvaud/331/33112.htm>

<sup>46</sup> *ibid*, para. 113

<sup>47</sup> British Airways do seem to be making genuine efforts to address climate change, see for example – Willie Walsh, Chief Executive of British Airways recently called for increasing taxes on aviation to and revenue 'towards fighting tropical deforestation and supporting climate change projects', 'BA calls for passenger tax on carbon emissions', June 16, 2009, [http://www.lowcarboneyconomy.com/community\\_content/low\\_carbon\\_news/6213](http://www.lowcarboneyconomy.com/community_content/low_carbon_news/6213)

## NEXT STEPS

We hope this document helps spark innovative development of voluntary carbon offset schemes.

Please contact us if you would like to respond to points raised. We are planning an updated 'Haddock Research blog' due to be launched in September 2009, and intend to include further discussion there.

We have already received a large number of comments, and one is shown below from Dan Lewer of Carbon Retirement.

July 22, 2009

*Having looked through the document, I would say:*

*"The real opportunity for carbon offsetters - and the place we can do the most to reverse global warming - is in the huge group of people with 'no opinion'. As an organisation offering a service that is differentiated by quality, the natural place for us to start would be the 'ready-to-be-convinced' group. Our long term goal, however, is to bring new people into this debate and work with customers who are not familiar with climate change".*

*Thanks for sending this to me  
Dan*

*Dan Lewer  
Carbon Retirement Ltd*

## Attitudes towards carbon offsets



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*In principle, carbon offset schemes are a good idea*

*In practice, carbon offset schemes generally work well*

Source: Q36, The Environmental Choices 2008, 2-stage Likert test. 'Please indicate whether you agree or disagree with the following statements to do with policies regarding climate change. (fieldwork: 25 Sep to 3 Oct 2008)

Base: All English respondents, 1050  
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## Carbon offsets 'are a good idea' v 'generally work well'

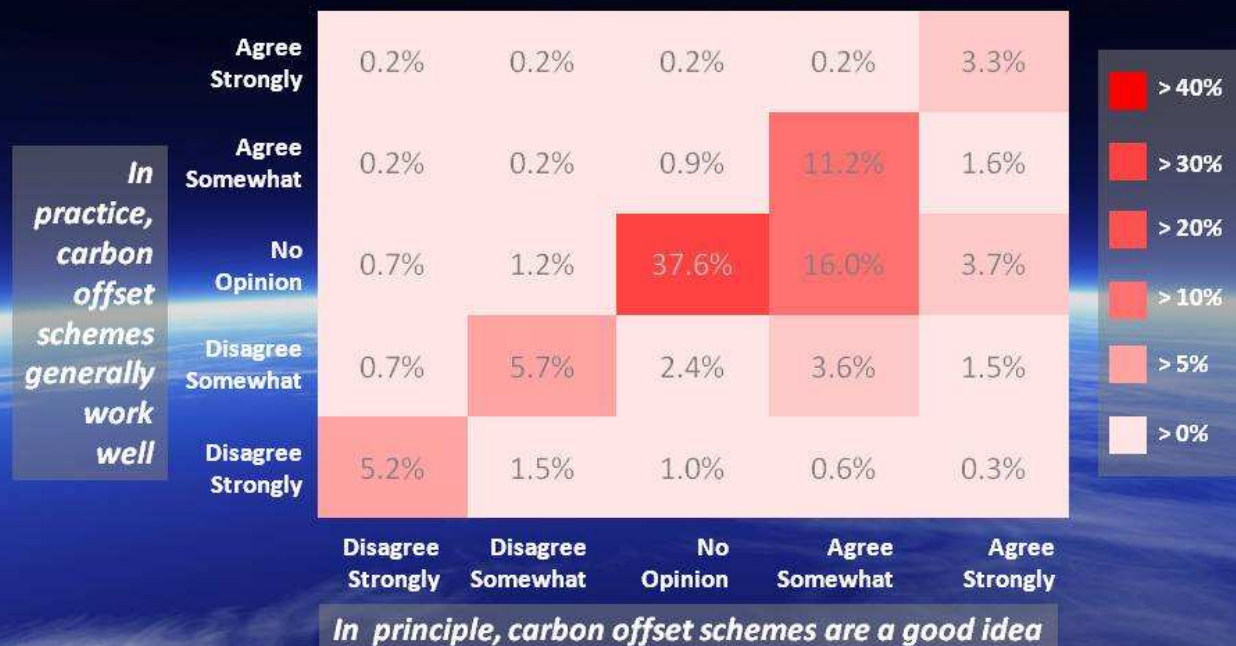


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### 'Heat Map' of opinions:



Source: Q36, The Environmental Choices 2008, 2-stage Likert test. 'Please indicate whether you agree or disagree with the following statements to do with policies regarding climate change.'

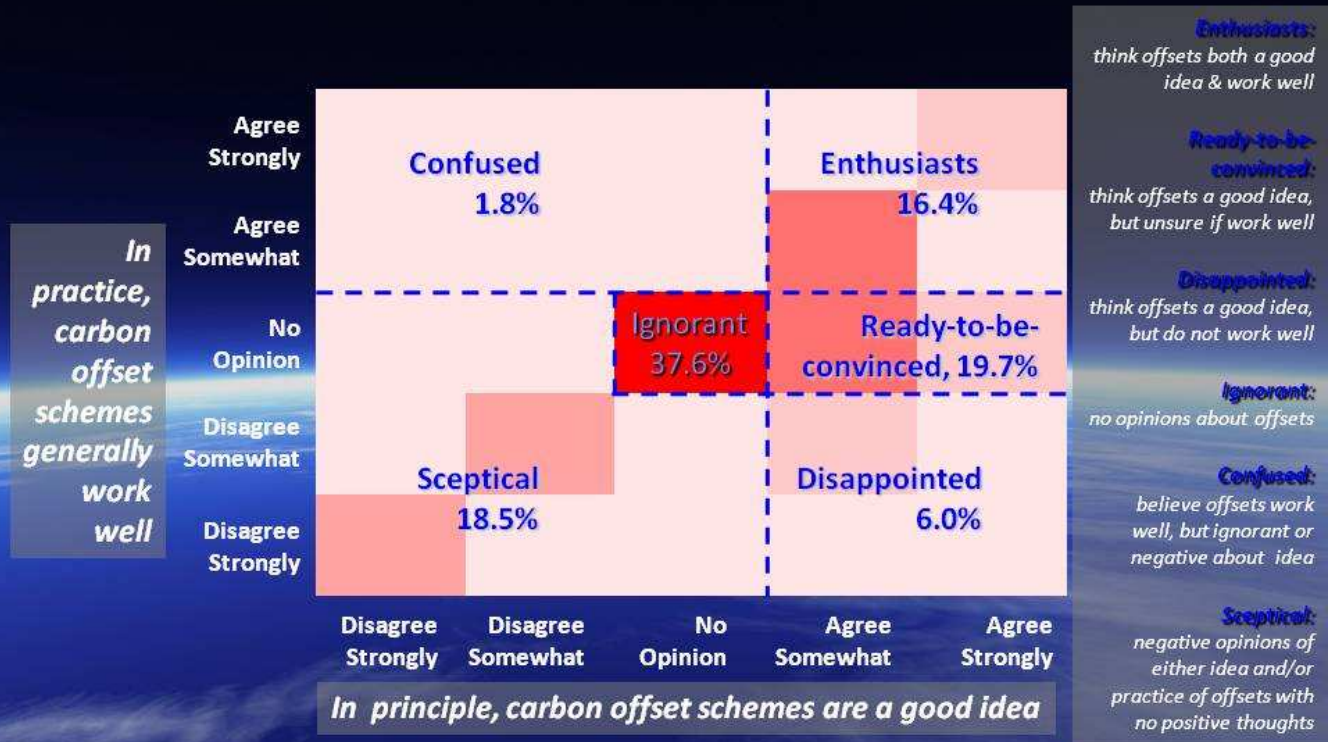
Base: All English respondents, 1050  
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## Carbon offset opinion clusters



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Source: Q36, The Environmental Choices 2008, 2-stage Likert test. 'Please indicate whether you agree or disagree with the following statements to do with policies regarding climate change.'

Base: All English respondents, 1050  
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## Carbon offset opinion clusters – by flight behaviour



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Opinion Clusters	Non-Flyers (n=492)	Flyers (n=558)
<i>Enthusiasts</i>	16.7%	16.1%
<i>Ready-to-be-convinced</i>	17.9%	21.3%
<i>Disappointed</i>	5.5%	6.5%
<i>Ignorant</i>	43.1%	32.8%
<i>Confused</i>	1.6%	2.0%
<i>Sceptical</i>	15.2%	21.3%

**Enthusiasts:**  
think offsets both a good idea & work well

**Ready-to-be-convinced:**  
think offsets a good idea, but unsure if work well

**Disappointed:**  
think offsets a good idea, but do not work well

**Ignorant:**  
no opinions about offsets

**Confused:**  
believe offsets work well, but ignorant or negative about idea

**Sceptical:**  
negative opinions of either idea and/or practice of offsets with no positive thoughts

*'Flyers' are defined as those who fly at least once a year, on average*

Source: Q36, The Environmental Choices 2008, 2-stage Likert test.  
Please indicate whether you agree or disagree with the following statements to do with policies regarding climate change.

Base: All English respondents, 1050  
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## Carbon offsets opinion clusters - by flight behaviour & segmentation

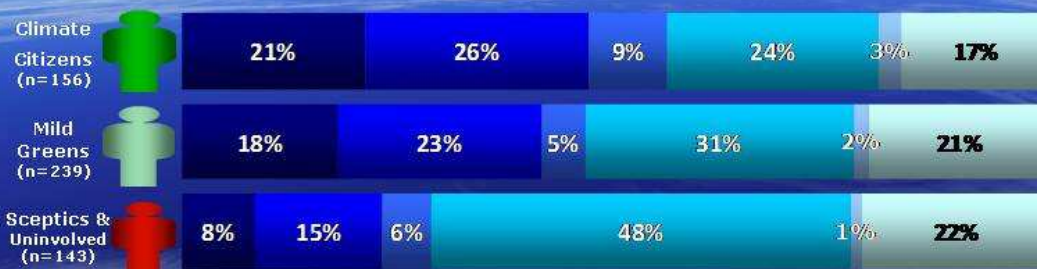
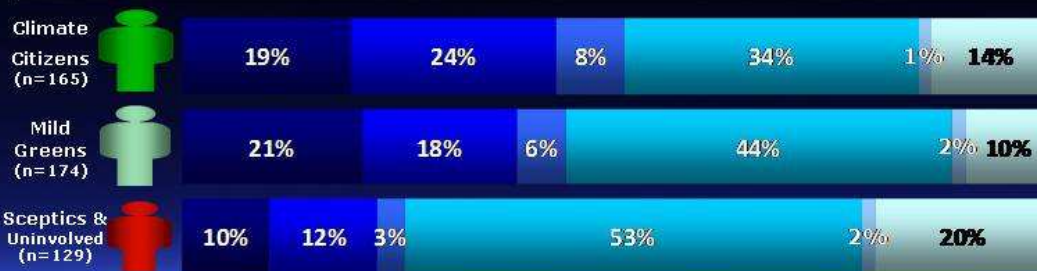


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Enthusiasts   Ready-to-be-convinced   Disappointed   Ignorant   Confused   Sceptical



Source: Q36, The Environmental Choices 2008, 2-stage Likert test. 'Please indicate whether you agree or disagree with the following statements to do with policies regarding climate change. (fieldwork: 25 Sep to 3 Oct 2008)

Base: English respondents who are either Climate Citizens, Mild Greens or Sceptics & Uninvolved, n=1006

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Respondents were shown the following logos of organisations related to carbon offsets:-

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Source: Q37a, The Environmental Choices syndicated study, 2008 "These companies all offer some form of carbon offset schemes or carbon-labelling scheme. Which of these, if any, do you recognise as offering these types of services, if any?" (fieldwork: 25 Sep to 3 Oct 2008)

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## Recognition of carbon offset related organizations

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Carbon offset related organization	All respondents (n=1050)
Carbon Trust	30.5%
Morgan Stanley	21.1%
Climate Care	10.0%
Green-e	3.6%
Co2 Balance	3.0%
Carbon Zero	2.7%
The Gold Standard	2.1%
Carbon Retirement	1.8%
Bonneville Environmental Foundation	1.6%
Green Tags	1.6%
The Climate Trust, <i>Your path to a stable climate</i>	1.5%
Carbon Clear	1.4%
VCS - Voluntary Carbon Standard	1.3%
Climatmundi	0.1%
Leonardo Academy, Cleaner + Greener	-

36.9% of English respondents were not aware of any of these carbon offset related organizations

Source: Q37a, The Environmental Choices syndicated study, 2008 "These companies all offer some form of carbon offset schemes or carbon-labelling scheme. Which of these, if any, do you recognise as offering these types of services, if any?" (fieldwork: 25 Sep to 3 Oct 2008)

Base: All English respondents, 1050  
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The following 5 slides illustrate how the cluster analysis, performed on the attitudinal questions regarding climate change, built the 3 groups we have identified

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## 33.1% Climate Citizens

*As a prerequisite to being a Climate Citizen, you would believe that climate change is caused by human activity, that it is a serious threat and that we should focus on changing the way we do things **now** to tackle this. All Climate Citizens believe these things. There is some variability in how much climate change would impact the decisions you make in your life, and your personal interest in climate change - though, on average, it would be more than other groups.*

## 36.2% Mild Greens

*Mild Greens see climate change as one of a number of serious threats that we all face. You would likely believe that climate change is caused by human activity, but alternatively you might tend to believe it has natural causes. You would most likely believe that climate change should be handled by **balancing** changing what we do now with managing problems "if and when" they occur. You would probably know a reasonable amount about climate change (but maybe not), and it is sometimes a consideration in your decision-making (but maybe not).*

## 26.6% Sceptics & Uninvolved

*Sceptics & Uninvolved do not believe that climate change is a serious risk. Although nearly half think the climate is changing, few think that it is mainly caused by human activity - and a sizeable minority really have no opinion on the issue. Climate change has very little impact on the decisions you make in your lives.*

Source: Q23-Q27, The Environmental Choices syndicated study, 2008 (fieldwork: 25 Sep to 3 Oct 2008)

\* 4.1% of respondents could not be classified by the cluster analysis into these 3 coherent groups

Base: All respondents, n=3156

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There is divided opinion about climate change in each country. Having said that, Canada is the most progressive country and USA, the least.

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Source: Q23-Q27, The Environmental Choices syndicated study, 2008 (fieldwork: 25 Sep to 3 Oct 2008)

Base: All respondents, n=3156  
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