

The Metro Section

MONDAY, JUNE 14, 1993

The New York Times

CITY

STRICTLY BUSINESS

Pure Profits Grow Scarcer As 'Green' Industry Ripens

By DOUGLAS MARTIN

Adrian Gerstel likes Earth General, a Brooklyn store devoted to selling only such environmentally correct goods as nontoxic cleaners, energy-efficient light bulbs and biodegradable golf tees. But she is torn between the store's high mission and its high prices.

"It's nice and clean and wholesome," said Ms. Gerstel, an architecture student. "You pay a little bit more, but it's almost worth it."

Her concern worries Stefan Doering, the owner. He admits that some merchandise, such as toilet paper, is indeed more costly. But office supplies are cheaper. Some items, like light bulbs, may cost 10 times as much as regular bulbs but end up being half as expensive because of efficiency and durability.

That sort of consumer education may be crucial for business owners like Mr. Doering, who are on the cutting edge of the trend toward so-called green retail-

ing. While the market for environmentally sound products is growing rapidly, many fledgling entrepreneurs who have flocked into the field have failed. The success stories come from those who have struck the right balance of idealism and business acumen.

"There's nothing wrong with making money by doing what we're doing," Mr. Doering said, "because that's going to be the vehicle that solves things."

Not to say Earth General is not out to save the world. Mr. Doering, a 28-year-old M.B.A., said he quit his job as a computer systems analyst with a large bank after it resisted his ideas for saving money by recycling paper. He is driven by a conviction that this planet is fast committing suicide.

The trend toward green retailing began to take off after Earth Day 1990, with 250 to 300 stores in the United

Continued on Page B4

Pure Profits Grow Scarcer in 'Green' Industry

Continued From Page B1

States now devoted exclusively to such products, according to Carl Frankel, editor of Green Market Alert. He estimates that industry revenues will be \$36 million this year, increasing to \$95 million in 1997.

This is just the tip of the green market, which is also served by catalogues, health-food stores and, increasingly, mainstream retailers.

A Rocky Road

The number of consumers who base buying decisions in part on environmental criteria was 22 million in 1990 and will increase to 55 million by 1995, said Jacquelyn Ottman, author of "Green Marketing: Challenges and Opportunities for the New Marketing Age," published this year.

But it has been a rocky road for green retailers, with the annual failure rate estimated by Mr. Frankel at more than a fifth. A realization is dawning among survivors.

"You're not going to have any kind of business unless you remain in business," said Kevin Connelly, publisher of Natural Connection, a trade journal for green retailers.

For its part, Earth General is turning a small profit after 18 months in business. Mr. Doering said last year's sales were just under \$300,000 and are now running 35 to 50 percent ahead of that.

Setbacks have included the departure of a partner, the theft of the store's computers, an inability to secure bank financing and, most damaging, the sick local economy.

Extensive Preparations

But extensive preparations did much to save Mr. Doering. He says defining the concept was the hardest part. He decided he wanted the character of the homespun general store his grandfather operated in Colorado and also to be "the environmental Wal-Mart." His business plan calls eventually for the sale of franchises.

He then had to raise more than \$100,000. Half came from investors. About \$35,000 came from loans, including \$15,000 from a city fund to help new businesses.

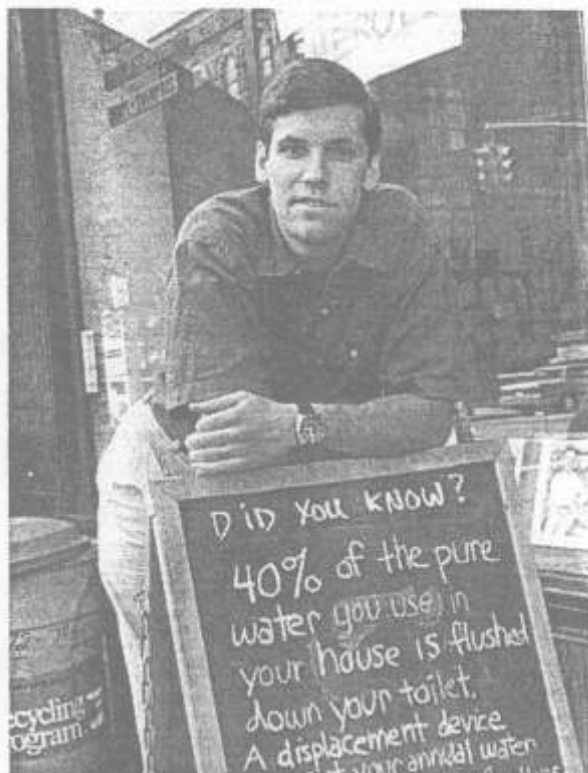
Choosing a location was also vital, and Mr. Doering surveyed areas from the Upper East Side to Coney Island. He settled on Park Slope, a largely affluent area in which he counted 17 environmental groups.

Cultivating Awareness

A table in the store, at 72 Seventh Avenue, highlights local environmental fights against the Brooklyn Navy Yard incinerator, a parking garage and cars in Prospect Park. It ran an "adopt a whale" campaign and collects used batteries for recycling.

Outside, a sign poses environmental quizzes, with winners receiving a 5 percent discount. A sample: "True or false: Half of our landfills will be closed by 1995?" (True.)

But a Roper Organization poll characterized only 25 percent of the population as "deep green," that is, committed environmentalists. For lighter green types, Mr. Doering says he and his seven employees must constantly teach customers about



Stefan Doering, owner of Earth General in Brooklyn, said that he and his seven employees are constantly teaching customers about what they are buying, from organic detergents to energy-efficient light bulbs.

The challenge: persuading more customers to buy green.

what they are buying. An organic detergent, for instance, seems more expensive than a regular brand until one learns it takes only half as much to clean a load of wash.

Indeed, Earth General's most important role is as a professional shopper. Each week it receives 15 to 20 new products for inspection, and Mr. Doering applies a dozen criteria to decide which ones to sell. Not that he is always right: A shampoo was promptly pulled after it was found to contain a suspected carcinogen.

Occasionally, something can be too pure. Vegetarian dog food proved unpopular, so another brand containing rabbit meat joined it on the shelves. "It's not environmental if it sits on your shelf," Mr. Doering said.

Earth General has been scrambling to overcome the limits of an 850-

foot store. It offers a mail-order catalogue, what it terms "the nation's first environmental bridal registry" and a service to supply deeply discounted office supplies to companies.

Even as retailing becomes undeniably greener, stores like Earth General may end up as victims of their own success. So many ecological products are appearing in mainstream outlets that the specialty stores may someday not be needed.

Home Depot, the huge discount retailer, now offers the most energy-efficient light bulbs; Wal-Mart has opened an "eco-mart" in Lawrence, Kan., and supermarkets are selling concentrated, less toxic detergents.

But Marc Merson, president of Eco Expo, a Los Angeles company that stages exhibitions to link green manufacturers with retailers, says stores like Earth General will retain an advantage by offering "cutting-edge products" and convenience.

Mr. Doering, who last week met with a group interested in investing in Earth General, is betting on that. "The environmental market is the fastest growing in the country," he said. "Ten or 20 years down the road, we want to be the most effective environmental store in America."