

Brand Aid

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It's Not as Easy as Being "Green"

FTC should provide clear sustainability definitions for marketers and consumers

BY MIKE LAWRENCE AND LIZ GORMAN



A ROUTINE TRIP to the store today may leave an unsuspecting consumer more confused than ever. Not only are consumers faced with multiple choices in each product category, but they now have to make sense of ambiguous environmental claims associated with individual brands. In fact, *Consumer Reports* has identified 149 such product claims, labels or certifications in the marketplace, ranging from non-polluting and ozone-friendly, to Leaping Bunny, an animal welfare label. It's enough to make even the most environmentally savvy shoppers head back to their hybrids.

The move by companies to market their products' green attributes is far from slowing. Last year, 300,000 eco-related trademark applications were filed, up 10 percent from 2006. The rapid proliferation in green marketing finally got the

attention of the Federal Trade Commission (FTC), the governing body in the United States that has jurisdiction over consumer protection, which encompasses truth in advertising.

At the beginning of 2008, the FTC launched a series of public workshops to gain feedback while it revisits its "Guides for the Use of Environmental Marketing Claims" ("Green Guides"), which were last updated in 1998.

The April 30 session, the second in this year's series, focused on product packaging. Among the attending representatives from trade associations, nonprofits, corporations and other entities, there was general consensus that the Green Guides, although effective in years past, are now dated and should be refreshed. The need to better educate the business community on how to use the Green Guides was

also stressed.

Findings from the "2008 Green Gap Survey," conducted by Cone and the Boston College Center for Corporate Citizenship, revealed a fundamental disconnect between the vague environmental marketing messages Americans encounter and what they believe these messages mean, further underscoring the need for stronger FTC guardrails.

Nearly half of the population erroneously believe that a product marketed with a green claim has a positive (read: beneficial) impact on the environment, according to the survey. In reality, there are few, if any, products that actually live up to this aspirational claim.

Someday consumers may become better informed about environmental claims, at which time they may take a more cynical view of what companies assert. Marketers today should refrain from making bloated claims and work to provide both clarity and context in their consumer-facing environmental messages.

Seeking Clarity

Survey results showed that consumers have a clear desire for specificity in environmental messages. Seventy percent of those surveyed said that quantifying the actual environmental impact of a product or service helps to inform their purchasing decisions. In fact, the more precise an environmental claim, the more believable it is.

For example, 60 percent of survey respondents found the message "made with 80% post-consumer recycled paper" credible, compared to only 36 percent who found the general term "environmentally friendly" credible when used to describe a paper product.

Of the record number of environmental trademark filings last year, 2,400 used the word "green" directly—unfortunate as "green" is really a perception, not a claim. Only through a universally accepted definition of these claims, preferably one that

does not allow both fruit and soda to coexist within the same “natural” marketing message, can we expect to provide a reasonable consumer with an adequate understanding of what these claims imply.

Specifically, the messages on packaging need to be more instructive as this is where 45 percent of consumers seek information about environmental claims, according to the survey. Consumers also seek information about environmental claims by visiting company websites (54 percent), third-party websites (51 percent) and through search engines (48 percent).

Needing Context

Most environmental claims highlight singular product or package attributes (e.g., nontoxic ingredients or percentage of recycled content), but fail to address the item’s entire environmental footprint. One may wonder what a product lifecycle analysis would reveal and whether the green attribute is negated by the overall footprint of the product.

We should expect companies that position their products as better for the environment to provide answers to these critical questions:

- What is the product or packaging made of?
- Where was the product sourced and manufactured—and under what conditions?
- How far did the product travel to get to the consumer?
- What is the consumer supposed to do with it at the end of the product’s life?
- What proof is there that the product and/or packaging is actually disposed of in the way that is claimed?

Essentially, this is about transparency. Currently, the Green Guides fall short of mandating this type of disclosure, which has led proponents to call for more stringent enforcement and even regulation. Interestingly, more than half of respondents in the “Green Gap Survey” say they would support government regulation to ensure the accuracy of environmental messages.

This is common practice in the U.K.,



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where the Advertising Standards Authority is ruling on a record number of complaints about ads thought to be misleading. In the U.S., food, drugs and other product claims are closely regulated to ensure truth and accuracy, and the organic food industry has seen great success in its establishment of a universal standard. Perhaps it is time for the field of green marketing to follow suit.

Catering to Consumers

A consumer’s trust should not be taken for granted. Today, 47 percent of Americans trust that companies are truthful in their environmental marketing and 45 percent believe companies accurately communicate information regarding their impact on the environment, according to the survey. Therefore, marketing zeal cannot supersede a company’s responsibility to help consumers make informed purchasing decisions by providing fact-based and verifiable claims.

Understandably, some conflicting forces may emerge. For instance, a company may find it challenging to increase the messaging on the product packaging while simul-

taneously shrinking the packaging itself, a practice that is currently in vogue. In effect, reduced packaging will mean there is less space to convey an adequate message. This is just one likely obstacle that marketers will need to resolve.

Meanwhile, we believe it’s time to strike vague terms—from “natural” to “environmentally friendly” to the ubiquitous “green”—from the environmental marketing lexicon, unless the FTC’s Guides can provide clear definitions for their use. In today’s marketplace, these claims are being overused and abused, and they don’t help consumers make informed purchasing decisions. A forward-thinking revision of the Green Guides, one that heightens the need for both clarity and context in each environmental claim, could help guide companies as they differentiate their products in the marketplace and provide consumers with the information they need and deserve. **CRO**

Mike Lawrence leads Cone’s Corporate Responsibility practice, which specializes in strategy, communications, reporting and stakeholder engagement. Liz Gorman is a senior member of Cone’s CR team.

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