

## Greenwashing: How to Avoid the Typical Marketing Traps

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“Greenwashing” typically refers to marketing and advertising claims that are based on environmental puffery rather than performance. Experience indicates that many claims, even those from sophisticated multinationals, fall under the “greenwashing” banner. While such claims may seem to make sense over the short-term, they create long-term potential for consumer dissatisfaction, regulatory challenges, and even monetary damages.

While standards differ globally, the U.S. Federal Trade Commission (FTC) regulations are a good model to follow virtually anywhere in the world. Listed below are the four factors of most concern to the FTC regarding advertising claims of all types, but specifically environmental claims.

### **1. Specificity**

The single most important point to remember when making claims is to be as specific as possible. Doing so will require that claims be substantiated by communicating all of the following:

- What is being claimed (e.g., *Reduced energy consumption during production...*)
- By how much – (e.g., *...by 12%*)
- Compared to what – (e.g., *...versus the previous product formulation.*)

Claims that are general or vague are not only considered to be meaningless, the FTC considers them to be deceptive. Technically, this means claims that appear to be simple and harmless, such as “eco-friendly” and “green,” are actually open to scrutiny and legal action.

### **2. Clarity, Prominence, Comprehension**

To further prevent deception, any qualifications or disclosures relating to claims should be clear, prominent and easily understood. According to the FTC, “clarity of language, relative type size and proximity to the claim being qualified, and an absence of contrary claims that could undercut effectiveness will maximize the likelihood that the qualifications and disclosures are appropriately clear and prominent.” Footnotes and other qualifying statements should thus be easy to find and understand.

### **3. Lack of Overstatement**

Environmental claims, attributes and benefits should not be overstated. Both the absolute and relative merits of a claim must be considered.

Example 1: Claiming that a package has been reduced in weight by 50% would be considered deceptive if the package in

question now weighed 1 gram, versus 2 grams in the past. However, a 50% move from 16 oz. to 8 oz. would probably be considered acceptable, based upon the absolute change in question.

Example 2: A resin is described simply as being “recyclable.” However, the current recycling infrastructure cannot handle this resin, or it can only be handled in a very few places. Even if the resin is technically capable of being recycled, the claim is deceptive since it asserts an environmental benefit where no significant or meaningful benefit exists.

#### **4. Comparative Clarity and Substantiation**

Comparative claims must be stated in a way that makes the basis for comparison as clear as possible. The comparison should also be substantiated.

Please note that in Europe, product comparison claims are either outlawed outright or considered to be a form of unfair competition. Always talk to your legal advisors before making any specific comparative claim versus another company or its products.

To sum up, the best way to avoid the perception of “greenwashing” is to relate advertising claims to clear and specific benefits (i.e., solid waste, water use, energy consumption), while providing meaningful information and data to support the claims. Doing so will help build trust in your company and its products among key stakeholders such as employees, customers, regulators and the media.