



## How Going Green Can Hurt Your Business

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March 2010

One unforeseen result of the sustainability movement is the growing consumer backlash against greenwashing. Is your brand guilty?

"Natural." It sounds like a good choice, but what does it really mean? What about the words "recyclable" or "chemical free"? What do they say about the products that bear them on their labels? As it turns out, not a whole lot. "Natural" is vague at best, "recyclable" refers to anything that could be reused in some way (the possibilities are endless), and most items that claim to be "chemical free," in fact, contain chemicals—just nontoxic ones. Quick-serve operators can't really be sure of what is what without doing research that goes well beyond reading the product descriptions suppliers provide.

Welcome to the confusing and even more frustrating world of greenwashing—one of the biggest reasons it's not easy being green.

### **The Green Sweep**

As consumers have become more concerned with going green, companies have taken advantage of the opportunity to make more green.

"There's been a clear spike [in advertisements that make environmental claims] from 2007 through 2008, and we know that spike has continued through 2009," says Scot Case, vice president of TerraChoice, a North American environmental marketing agency. "When you look at the number of ads that reference environmental initiatives, clearly it's something advertisers see as important."

But as environmental marketing increases, so do instances of greenwashing.

"Greenwashing is a way of hiding the truth or masking the truth in some way about the environmental attributes or sustainability of a product," says Joe Pounder, director of product innovation at Georgia-Pacific Professional Food Services Solutions.

Anything that leaves consumers with an incorrect or misinformed impression of a product—even if the claim that causes the confusion is technically accurate—qualifies.

"Often, greenwashing can take a very general statement that to the average consumer sounds great, but with further investigation you find out there's nothing under the actual fluff," says Michael

Oshman, executive director of the Green Restaurant Association (GRA).

Take, for example, biodegradable cups. While they might biodegrade under specific circumstances and given enough time, landfills often don't provide those circumstances—so the "biodegradable" cups that end up there will never break down.

In a 2009 report by TerraChoice, more than 98 percent of the 2,219 products examined were guilty of greenwashing on some level, with cleaning products being one of the biggest offenders.

The statistic becomes even more concerning when operators consider the consequences of purchasing one of those items.

### **Untruths and Consequences**

Two decades ago, wasting money on something that wasn't any better for the environment was virtually the only consequence—albeit a serious one—of falling prey to greenwashing.

"There was a sense that a company could put out information claiming to be green, and that was enough to make people feel good," Oshman says. Now, however, the fallout can be much more damaging.

"The consumer no longer wants to have a nice, touching experience," Oshman says. "They want: 'If I buy that organic apple, it had better be organic.'"

The GRA regularly fields calls from customers who want to verify that certified restaurants are complying with all of the necessary standards.

"We do get people calling us saying, 'Is this restaurant doing this? Is this restaurant doing that?'" Oshman says. "So do consumers really care? Yeah, they do."

And if a restaurant repeats false claims to its customers, suddenly the supplier isn't the only one who's guilty—the restaurant is as well.

"Yes, that's greenwashing, even though it's unintentional," Oshman says. "They get points for not being intentionally deceptive, but at the end of the day it still reflects on their business."

In the case of GRA-certified restaurants, Oshman can point customers toward concrete and publicly available standards of certifications—as well as proof (in the form of invoices) that restaurants have met them. But if a customer finds out a restaurant can't back up its environmental claims, the concept's good name can be at risk.

"Greenwashing destroys trust, and one of the most valuable things a restaurant owner has is the trust of their customers," Case says. "If you are caught greenwashing, it raises suspicion about your other operations. That's what makes this truly dangerous."

"You get one chance with your reputation, and if you blow it, you can't go back," Oshman says.

Concerned consumers aren't the only ones playing the role of greenwashing whistleblowers, either.

The Federal Trade Commission has guidelines that all environmental marketing claims must meet.

"They have been very actively filing enforcement actions," Case says.

Unqualified environmental claims are a clear violation, as are claims that overstate a product's environmental attributes or that are overly general. For the full list of regulations, see the FTC's Guides for the Use of Environmental Marketing Claims, available at [www.ftc.gov](http://www.ftc.gov).

"The FTC says it's what the consumer believes a claim means," Case says. "You have to be very careful to be very clear, otherwise customers might misunderstand what you mean. That's when problems begin."

### **The New Three R's**

Most operators don't have the experience or training necessary to decipher every environmental claim on the market, so it is safer to not assume anything when it comes to claims of sustainability. Researching a product before purchase time is key.

Resources such as the National Restaurant Association's [conserve.restaurant.org](http://conserve.restaurant.org) and the education section of the GRA Web site can provide background knowledge about common green claims, but further research is often necessary.

"Any time there's an environmental claim on a product that you're thinking about purchasing, you need to ask for proof," Georgia-Pacific's Pounder says. "You ought to be asking, 'How did you come to that conclusion? Did you run tests? Do you have any certifications?'"

All of the above information should be available online or directly from the supplier upon request.

"If someone can't support the claim with data or test results, then you ought to be skeptical," Pounder says.

For restaurants that are unwilling or unable to do the necessary research on their own, Holly Elmore, founder of the Green Foodservice Alliance, recommends approaching other operators who have already made steps toward greater sustainability.

"Look in your community and see who has taken the time to take the lead," she says. "Go to that person and ask them, restaurateur to restaurateur, which products they use. I would be shocked if that person didn't share the information."

Certifications also can be helpful tools in determining whether a product lives up to its claims, so long as operators have verified that the certification is a credible one. Some seals require only payment and a vague promise to try to uphold green standards while others use unreliable methods of assessment, such as self-evaluations.

In TerraChoice's 2009 report on greenwashing, 23 percent of the products examined committed what the report dubbed "the Sin of Worshipping False Labels."

"At some point in the future, there might be federal legislation to help consumers," Case says. "Right now it's every restaurant owner for himself."

He recommends verifying what standards must be met for certification, who develops those standards, and who determines whether or not they were met.

"If you ask those key questions, you will quickly discover there are some products that

make an environmental claim without referring to any standard at all," Case says.

In some cases, a product meets green standards that the manufacturer created for itself. This leads to a conflict of interest.

"There's this temptation to exaggerate," Case says. "What you're looking for are really tough standards that were developed in an open, transparent process and that an individual third party has reviewed to determine they meet those standards."

Once you've made the switch to something that genuinely is environmentally friendly, make sure you do your part to ensure the product reaps its environmental benefits.

"Compostable products have to go to compost facilities; same thing with recycling," Pounder says. "There are a lot of products out there that are recyclable, but if you don't have curbside pickup, if you don't have a recycling center where you can take those products, they'll end up in a landfill."

And if eco-friendly items end up in a landfill, they're just as bad for the environment as the ones you replaced them with.

## **The Opposite of Greenwashing**

The dangers of greenwashing don't end after operators make decisions that are, in fact, sustainable. If, when, and how brands market those decisions also plays a key role in maintaining a good reputation.

Take Starbucks, for example. The company knows that environmental issues are important to its customers, so it conducts research to find out exactly what they are most interested in.

"We know our biggest environmental impacts are related to the energy used in our stores, but many of our customers care more about our paper cups and in-store recycling," a Starbucks spokesperson said in an e-mail. "In this case, we have made communicating about our cups and our recycling efforts a priority because they are important to our customers, while also continuing to communicate our progress to make all our new company-owned stores LEED-certified. If we don't do this, the other great work we are doing to address our bigger impacts will not be heard."

Since 2001, Starbucks has issued a Global Responsibility Annual Report to communicate clearly to customers the company's environmental performance.

"The report is intended to provide transparency on issues that are important to Starbucks and our stakeholders," the spokesperson said.

The GRA's Oshman says that kind of openness is the best strategy to avoid misleading customers.

"Transparency is the opposite of what you see in greenwashing," he says.

"If you are going to make a public environmental claim, provide public truth to back up that claim," Case says.

When drafting public environmental claims, double-check that the language you're using accurately describes the strides the brand took. Use specific terms with precise meanings, and don't overgeneralize.

Brands without an environmental expert on hand who can proofread statements can seek out the assistance of a third-party

organization such as the GRA to take out some of the guesswork.

"That's great if you happen to have a restaurateur who's also a scientist," Oshman says. "Our experience over 20 years of working with restaurateurs is they're busy. Even if they have an aptitude in that direction, even if you have a restaurateur who gets excited about those details, they generally don't have the time [to become experts]."

That's where the GRA comes in.

"Most of the restaurants that bring us into the process from the beginning know they're going to end up with the right products at the end," Oshman says. "We're not the manufacturer, we're not the distributor ... we're a nonprofit that's vetted these products."

Being a certified restaurant can help when dealing with the tricky issue of marketing, too.

"The restaurant's not saying how great they are," Oshman says. "We're saying how great they are."

But some green restaurant certification programs can be greenwashing in and of themselves.

"You can go online and pay \$30 or \$40 and get a nice sticker saying how green your business is," Oshman says. "It's really important who restaurants partner with."

When promoting green efforts, Elmore also recommends educating the employees who interact with customers so they don't provide misleading information.

"Make sure your line people understand what you've done," she says. "Let them be your broadcaster."

Other promotional options include table tents or signs that explain how exactly the company is working toward greener goals. But Elmore warns it's essential to use recycled-content paper.

"You've got to be careful with printing," she says. "When you print things and it's for people to take, that's not exactly green."

For restaurants that care about sustainability, it's yet another roadblock to watch out for. But as difficult as the entire process might be, "Why bother?" is no longer an option.

"I see environmental safety becoming as important as food safety," Case says. "At some point, consumers are just going to assume that restaurants are engaged in environmental practices. They're going to assume the napkins contain recycled content, or they're going to assume you're doing your best to get rid of excess waste. ... It will come as a shock to people to find out you're not doing that."

And that shock can be every bit as disappointing to customers as finding out the truth about claims that are just greenwashing.