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Recyclable, Low-impact, Environmentally-frie
efficient, Low carbon, Not tested on animals.

THE END OF GREENWASH

**How to unlock the consumer potential for sustainability,
by Murray Hogarth***

**A Position Paper from Total Environment Centre
and the Green Capital Program**



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INTRODUCTION

Earlier this year a newsletter from Dechert LLP landed on my desk recounting the US experience in 2007 with environmental branding in trademarks. Use of the word 'green' more than doubled; 'green and clean', 'organic' and 'natural' were used more often; and there was a flood of 'eco' products. As the newsletter said, 'prospective brand owners were feeling very 'friendly' to the environment ('eco-friendly' and 'earth friendly' were also proliferating). Similarly in Australia there was a big surge in environmental claims for brands as climate change became a mainstream issue.

The problem of greenwash is now high on the agenda. In response to a big increase in complaints from the public, the Australian Competition and Consumer Commission issued an advisory, *Your consumer rights: Environmental claims* warning of the dangers of misleading advertising and that the ACCC will 'vigorously pursue companies that breach the law.' Currently Saab Australia are in court with the ACCC over their claim the car 'will become the first carbon neutral car brand...'

In 2005 Total Environment Centre released *Greenwash: Reputation or Reality* to accompany a major event by our Green Capital program in an attempt to register it as a critical public issue, noting that 60% of people say business is not a reliable source of environmental information. We also assessed three alleged greenwash cases causing some consternation to the brand owners. However, the fact is that little was done by regulators or industry generally to abate the emerging problem.

At the event we took an advocacy position and while this is still very necessary (we were successful with a complaint to the ACCC about an energy retailer's portrayal of green electricity late in 2007) – we believe more proactive engagement is needed. The ACCC is an essential stick in the marketing and advertising field; but consumers can't apply the guidelines, case by case as they look on the supermarket shelves; nor should the natural exuberance and creativity in advertising be driven out.

As we outline in this position paper and the companion *Green Cred Checklist* the decisions about green advertising also need a self-regulating circuit – not an excuse to hide behind, but a genuine green upskilling and commitment to credibly present green products and mainstream their acceptance in the marketplace.

Greenwash is not just an issue between the seller and buyer or value for money. It affects how fast we can change our individual, business and national environmental footprints. How quickly we tackle the ecological crisis gripping the planet.

It's about what we buy now and, as a consequence, what we leave future generations.

Jeff Angel
Executive Director

Total Environment Centre

CONTENTS

INTRODUCTION	1
EXECUTIVE OVERVIEW	3
The world of greenwash	3
Who carries responsibility?	3
There's a lot at stake	4
Exploring areas for action	4
01 THE NATURE OF THE PROBLEM	6
An historical perspective	6
What is greenwash?	6
Why does it happen?	7
Life cycles are complicated	7
The mechanics of marketing	8
The marketing 'food chain'	8
02 A SUSTAINABLE MARKET?	10
A new consumer sustainability era	10
Allure of green differentiation	10
Rise of sustainable consumers	11
In the public interest	11
03 IN SEARCH OF SOLUTIONS	13
Crafting a suite of responses	13
Self Regulation	13
Official Crackdown	14
Positive Incentives	14
04 CONCLUSION	18
Recommended reading	18
05 REFERENCES	19

The world of greenwash

This *position paper* is focused on promoting informed debate, and framing and driving action in the advertising, marketing communications ('marcoms') and corporate positioning sectors to eliminate 'greenwash'. This is advertising and marcoms that misrepresents products, or even whole companies and other organisations, in terms of their environmental benefits or broader sustainability credentials. Greenwash exploits rising consumer concern about environmental problems and emerging demand for more sustainable lifestyles, and undermines the leadership efforts of companies with genuine green products and credible sustainability performance.

In the world of greenwash, climate and carbon claims have emerged as the big issue for the early 21st Century. Marketplace confidence in 'green' products and messaging, which has already been compromised by decades of lazy or dodgy environmental claims about attributes like 'biodegradability', 'recyclability' and 'chemical-free', has been undermined even further in recent times by a flawed 'carbon neutrality' fad¹. Since 2006 widespread concern about carbon neutral claims, including what is measured and the use and choice of so-called 'carbon offsets', has put greenwash in the spotlight for policy-makers and regulators in Australia² and globally.

Anecdotally, consumer scepticism about green-themed sales pitches is endemic. This hampers citizen concern about climate change and other environmental problems being converted into better purchasing decisions. It's also holding back consumer understanding and long-term behaviour change in regard to often complex product life-cycles: What is consumed? How much? Where does it come from? How is it produced and

distributed? What are the operating costs? And what happens post-consumption? Importantly, ending greenwash must be a priority if we are to unlock the potential for consumers to drive sustainability in tandem with governments and corporations.

Who carries responsibility?

Engineering a set of solutions to end greenwash requires the active, constructive support and participation of many players. Ultimate responsibility, however, must lie with the brand owners who make and sell products, and at a personnel level, their CEOs, other senior executives and marketing managers. Typically brand owners are responsible for making products in the first place, they brief the advertising and marcoms agencies which develop creative treatment and messaging, they provide final sign-off on campaigns and pay the bills for buying media space, and they gain the benefits of success or are liable financially and legally for any failure.

Corporate brand owners that are positioned as sustainability, climate action or green solutions leaders can play an especially important role in eliminating greenwash through leading by example. Potential role model companies that appear to have begun the journey could include high-profile national and transnational groups like BP, IAG, Toyota, Origin, GE and Unilever. More broadly, the Australian Association of National Advertisers (AANA) represents many of the larger brand owners on industry issues, and small and medium-sized enterprises should look to their local and state-based chambers of commerce, other industry bodies, and government agencies to help them get green marketing claims right.

Other players that directly or indirectly shape and influence the world of advertising and marcoms,

EXECUTIVE OVERVIEW

and which can help to eliminate greenwash, include:

- **Advertising, PR and other brand communications firms** – The big global firms and also more niche local operators need to be engaged
- **Legal advisers and other service providers** – Including specialist trade practices lawyers and environment and sustainability experts
- **Relevant industry associations** – Advertising and marcoms related groups, and also a broader set of business support groups
- **Official regulators** – Notably the Australian Competition and Consumer Commission (ACCC) and state/territory-based fair-trading and environment protection authorities; and also the Advertising Standards Bureau (ASB), which presides over a self-regulatory system for advertising
- **Standards bodies** – Standards Australia and similar international bodies and labeling programs such as Good Environmental Choice Australia
- **Community watchdogs** – Environment groups like the Total Environment Centre, social justice organisations and consumer advocates such as CHOICE
- **Media organisations** – Including print, both free and pay TV, radio, online, direct marketing and other options
- **Retailers** – Big retailers in particular control shelf space, and point-of-sale advertising and promotions. A number of the big retailers also are major product brand owners in their own right through aggressive expansion of ‘own brand’ lines. Beyond the big stores, there is a myriad of harder-to reach smaller retailers that can’t be ignored.

There’s a lot at stake

A core proposition is that environmental and sustainability challenges are so important, literally threatening the planet’s well-being and also that of human civilisation, that society needs to place special obligations on those who might misrepresent solutions, or falsely claim green virtue. The question for marketers of all kinds is: Will they self-regulate, or must they be regulated at all times?

The official watchdog, the ACCC³, enforces a general trade practices dictate that advertising claims of any kind cannot mislead or deceive

consumers. It is actively cracking down on false and misleading environmental claims, using this catch-all provision. Yet a question must be asked: Is that enough to preserve the natural environment, and to protect human society from its own bad habits? Can it prevent greenwash emerging in all cases?

There are precedents for tough, specialised demands to be placed on marketers and advertisers in other equally sensitive and/or complex areas. Therapeutic goods including pharmaceuticals and various ‘treatments’ are a prime example, where human health and well-being are at stake. Other examples include promoting alcohol products, advertising to children, and offering consumer credit services. Why not green claims too?

Exploring areas for action

It’s time to inflict intolerable pressure on greenwashers across the marketing spectrum, with errant brand owners at the forefront. This can be done through red-letter regulation and trade practices litigation if necessary, but also in many cases by shining a light on the problem and allowing less formal market drivers including watchdog pressure and media exposure to drive better standards. Positive incentives that can enhance corporate and product brands, and proactive education and training also have a role to play.

This position paper suggests there are three main dimensions within which to maintain a sustained assault on greenwash, with a constructive mix of them likely to deliver the best outcomes. The dimensions include some ‘carrot’ and some ‘stick’. They are:

- **Self-regulation** – The organisations representing brand owners and marketing professionals need to incorporate codes of conduct and/or clear guidelines for making environmental claims into their industry standards. To this end, TEC has suggested its own voluntary measures including a simple checklist that self-wary marketers and other brand communicators might adopt and promote internally. This would maintain vigilance on the threat of greenwash and build awareness of relevant issues, in order to avoid misleading or deceiving consumers on environmental claims. (See companion document ‘THE GREEN CRED CHECKLIST’), and

EXECUTIVE OVERVIEW

- **Official crackdown** – There is still scope to deploy greater official ‘stick’, canvassing strong regulatory interventions to actively combat greenwash by mandating that claims be backed up with evidence and identifying core words and phrases to be protected from misuse, and
- **Positive incentives** – There is an opportunity to offer some ‘carrot’ too, with a light regulatory touch underpinning an incentive-based approach to making products demonstrably greener, including green marketing awards, labelling programs and other positive brand profile opportunities.

A comprehensive, committed and coordinated attack is required to end greenwash. The quality, truthfulness and materiality of green-themed advertising and marcoms, and also corporate positioning statements, must be a threshold test for organisational commitment to sustainability, and requires strong buy-in from business leaders. Inaction on greenwash unfairly advantages laggard companies over sustainability leadership ones, so it hurts good companies as well as the more green-minded consumers. The world’s environmental challenges won’t just go away, so urgent action is justified to build faith in greener products, to expose the fakers and to promote a sustainable market.

01

An historical perspective

Green marketing through the use of mainly self-declared environmental claims in advertising and marcoms is nothing new. A 1997 publication unearthed in research for this paper describes in considerable detail 'the green market collapse of 1991', and offers advice on how to get green marketing right:

'This may not be the case for take-away pizza, soft drinks or motor cars, but when it comes to advertising in the green market, a boring execution of a good strategy will almost always beat a brilliant execution of a bad strategy. Why is this so? Simply because consumers are more confused about the environment than they are about almost any other issue in their lives ... environmental advertising, struggling for credibility from an extremely cynical and confused audience, should be very careful to communicate exactly the right message.'

Green Australia: Mapping the Market⁴

If this historical perspective from the 1990s sounds familiar, it's because it does bear great similarities to current times. As in the late 1980s, a great wave of environmental awareness has been sweeping the world over the last two or three years and marketers have been responding to a 'green is the new black' mantra in the mass media. Recent heightened concern about greenwash is a product of the resulting surge in environmental claim-making, exacerbated by the carbon neutrality trend and intense debate about how carbon claims can be justified and when they should be used.

What is greenwash?

If we are to put an end to greenwash, we first need to know more about what it is, and why it's such a

problem. US group Terrachoice Environmental Marketing did the world a favour in 2007 when it produced a major work, The 'Six Sins of Greenwashing'[™],⁵ defining them as:

1. **Hidden Trade Off**, in which companies highlight one eco-friendly attribute, and ignore their product's other, potentially more significant environmental concerns (the biggest by far, measured at 57% of their sample of over 1000 problematical environmental claims)
2. **No Proof**, involving claims that can't be verified (the report found 26% of environmental claims fall into this category)
3. **Vagueness** – the use of terms like 'chemical-free', or 'non-toxic', which are both universally true, and universally false depending on your interpretation (third at 11%)
4. **Irrelevance**, when companies make claims that, while they may be true, are unhelpful, like 'CFC-free' when CFCs have been banned for almost 30 years, or 'recyclable', when it's a paper product which can intrinsically be recycled (only 4%)
5. **Lesser of Two Evils** – like organic tobacco (yes, seriously), or 'green herbicides', a claim which ignores the fact that herbicides in any form aren't good for the environment (just 1%)
6. **Fibbing**, the most blatant, but also rare, in which companies flat out lie (while less than 1% of companies fall into this category, it does happen nonetheless).

A key problem with all of this misleading, and in some cases outright deception, is that it both confuses and discourages consumers from spending on green products. Trust is a vital purchasing consideration, especially if they are being asked to pay more for a greener alternative.

01 THE NATURE OF THE PROBLEM

From an ad agency perspective, when you set the complexities of life cycles and many difficult environmental issues against the advertising industry's desire for message simplicity you can see why conflict is likely to arise. As the 1997 Green Australia booklet observes: 'If you look at award-winning advertising – and all creative ad agency people based on hyperbole, over simplification or over-dramatisation - this is understandable, because in a world of product parity, the objective is to dramatise your product advantage as memorably as possible⁷.'

The mechanics of marketing

In most cases, brand owners are where the marcoms decision-making chain both starts and finishes. The dominant players in marketing are the big companies with big budgets i.e. the most powerful brand owners - the kind of companies, for example, that populate the board of directors for the Australian Association of National Advertisers (AANA), which include Nestle, the Commonwealth Bank, News Ltd., Unilever, Lion Nathan, Kraft, Telstra and Kelloggs.

Such major national and international companies typically have significant environmental and sustainability policies, performance targets and professional expertise in their own right. These big brand owners, with ample sustainability knowledge and financial resources at their disposal, are well-placed to ensure that any greenwash in their own marketing is eliminated, and that overall sustainable marketing is encouraged by them as positive role models. They just have to make it a business priority from CEO level down, and build it into the process of briefing their marcoms agencies, commissioning research containing a green or sustainability element, and in being advocates for best practice.

For big companies, the process of creating a marketing campaign can go something like this:

- Brand owner with input from its legal advisers issues a 'brief' to their advertising or marcoms agency, with the agency represented by an account director
- The agency then interprets the brand owner's brief in its own information format and terminology, in readiness for briefing its creative department
- This internal agency brief may go back to the brand owner for its sign-off as being correct for briefing the creative development stage
- Once the creative work is done, and before anything is produced or published or broadcast, the campaign and its costing is likely to go back to the brand owner again for final sign-off including further legal review.

In some circumstances, and perhaps quite often, no-one in this traditional decision-making process will have high-level environmental or sustainability knowledge. It would make great sense to include sustainability professionals into the review points to sign off on advertising and marcoms campaigns at the same time as the legal advisers. Of course, it's one thing for big companies, and especially sustainability-aware companies. But it's another entirely for the poorly resourced and very diverse small to medium-sized enterprises that abound in the Australian economy. The SME area has always been a challenge to engage on complex issues like environment, and it's a major area of concern for acting on and minimising greenwash.

The marketing 'food chain'

Beyond the important brand owners, and their own in-house marketing teams, initiating a coordinated campaign to simultaneously stop greenwash and to promote constructive green and sustainable marketing will require action all along the marketing 'food chain'. Who are the key players, how do they operate, and what are the things that influence how they behave? Key direct players identified for this paper are:

- **Suppliers of advertising and marcoms services** – Broadly defined, to include traditional advertising and public relations firms, and also a wider family of service providers in an increasingly diverse brand communications world (i.e. market researchers, direct marketing, viral, online agencies, promotion and sponsorship, point-of-sale specialists, product placement, social networking etc).
- **Legal and other expert advisers** – Especially specialist trade practices lawyers and other expert advisers, including environmental and sustainability specialists
- **Mass media channels** – The commercial arms of newspapers, radio and television stations, pay-TV operators, websites and other more 'narrow-cast' channels to reach customers and consumers
- **Retailers** – Through their control of shelf space, point-of-sale materials and their own merchandising policies, and also in many cases

01 THE NATURE OF THE PROBLEM

their 'own brands'.

Key influencers of marketing practice and performance identified are:

- **Policy-makers** – Traditionally governments, but increasingly also commercial forces such as large corporations enforcing their own environmental and sustainability policies and standards (e.g. international retail chain sustainability leaders such as Tesco, Walmart and Marks & Spencer)
- **Regulators** – Official bodies with enforcement powers such as the Australian Competition and Consumer Commission, and state-based fair trading authorities, with similar bodies internationally. Also, the self-regulatory Advertising Standards Bureau (ASB) could be more proactive on environmental, climate and sustainability issues to drive better practice by advertisers
- **Industry/professional organisations** – Both commercial associations such as Free TV Australia, Commercial Radio Australia, the Australian Association of National Advertisers and also professional associations such as the Advertising Federation of Australia, the Australian Marketing Institute, the Australian Direct Marketing Association and the Market and Social Research Society of Australia
- **Standards bodies** – Standards Australia, the International Standards Organisation (ISO) and similar bodies around the world; and also newer organisations such as environmental labeling accreditation bodies, and ranking initiatives such as the Corporate Responsibility Index (CRI)
- **Community and consumer 'watchdogs'** – Especially consumer advocacy groups like CHOICE and environmental groups like TEC, which are allocating greater resources to scrutinising marketing campaigns and claims
- **The media** – The mass media occupies a curious dual role, as both the delivery channel for a lot of marketing in its commercial manifestation and as potentially fierce critics of misleading marketing in its journalism role
- **Consumers** – Empowered by contemporary internet communications, including a proliferation of sustainability blogs, informed consumers can be a powerful influencer in their own right and as a part of the mix above. The early adopters segment is especially influential in the marketplace.

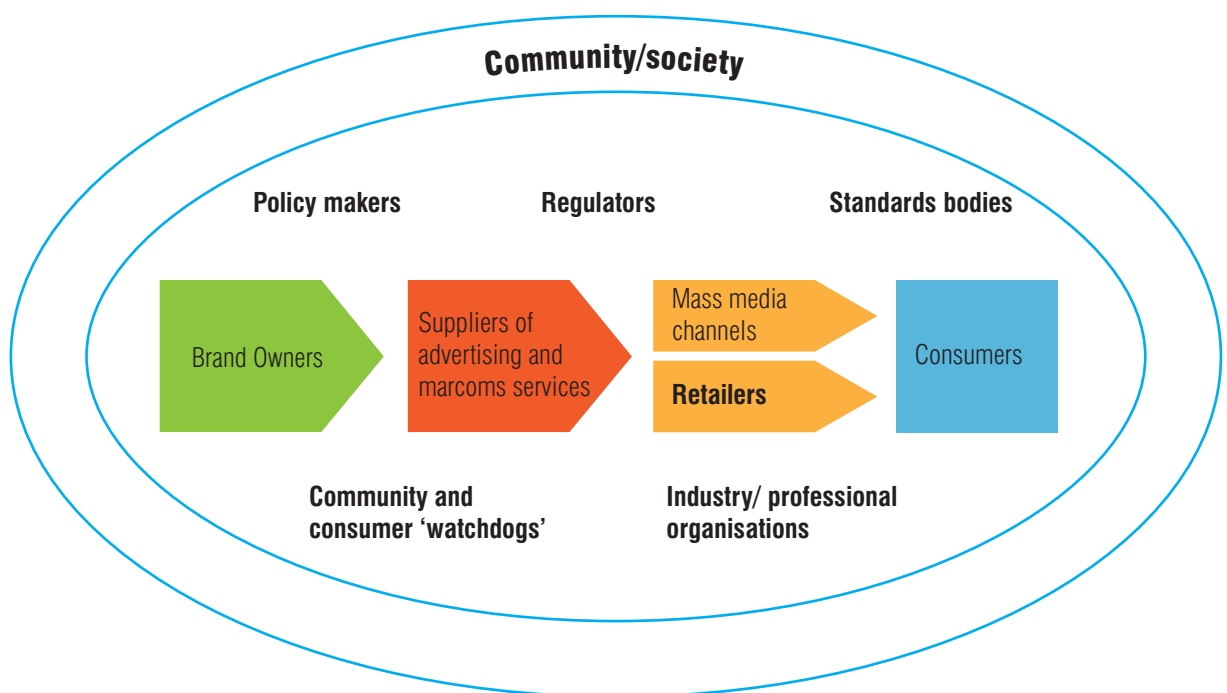


Figure 2: The Marketing Chain

02

A new consumer sustainability era

The world is entering the 3rd generation of sustainability. First generation sustainability has been principally about engaging governments and enjoyed high notes with the Rio Earth Summit in 1992 and the Kyoto Climate Summit in 1997.

Second-gen, which started in earnest around 1995, has been built on corporate sustainability and social responsibility measures being adopted by some of the global economy's biggest brands, from DuPont to BP in the early days, then Toyota to HSBC, and more recently GE to Walmart. Third-gen, overlapping the earlier generations and only now gaining real momentum, will be an era of rising consumer focus on sustainability and a classic contest for market advantage between rival brand owners.

There is, however, a catch. To have consumer-focused sustainability we also need sustainable marketing, and advertising and communications with green rigour and integrity. Currently, far from having sustainable marketing, we are more likely to find community and consumer watchdogs decrying 'greenwash'⁸.

Now the use and abuse of green-themed marketing is under intense scrutiny in the traditional and new media alike. *Sydney Morning Herald* marketing writer Julian Lee wrote in 2007: 'If the marketing experts and overseas trends are anything to go by the current flow of green ads - much of it greenwash - will soon become a torrent'.⁹ Nielsen Online, revealing an international surge in blogosphere activity on sustainability in 2007-8¹⁰, reports: 'Any company with a green platform or related messaging needs to be cognisant that the bloggeratti is watching and listening and ready to pounce.'

Allure of green differentiation

Greenwash can seem inevitable, just like death and taxes. Consumers get misled and deceived every day about alleged 'green', environmental or sustainability attributes of goods, services and even political messages being marketed to them.

Whether caused by outright dishonesty, ignorance, exaggeration, or misadventure, greenwash is happening, and some of the biggest brands and leading marketers in Australia and the world stand implicated or accused¹¹. So are a myriad of small businesses and others with a message to push. The essential role of marketing and its communication is largely about product differentiation. So at a time of unprecedented environmental awareness, a message of green differentiation may be hard to resist; even if the pitch stretches the truth to 'accentuate the positive', or overlooks relevant facts to 'eliminate the negative', or just never comes close to asking the right questions.

Thankfully, the business, political and consumer-zone mainstreaming of sustainability is starting to catch up with greenwash culprits. Greenwash is a significant problem in its own right, but especially because it gets in the way of important destiny: consumer preference becoming a major driver of sustainability; and, the marketing sector's own ability to play an ever-more constructive, and a leading role in a world transitioning towards a truly sustainable economy – a shift that needs the power of good marketing.

Marcos comes in two main guises, informational and transformational. Informational engages the logical mind with data and facts, while transformational stirs the imagination and creative spirit by tapping emotions, everything from joy to fear. Greenwash is often informational mode gone

02 A SUSTAINABLE MARKET?

wrong, at a level as basic as misleading or dishonest product claims on a package. Unleashing transformational marcoms to deliver environmental benefit is what sustainability needs, including society-wide campaigns to create a culture of energy, water and resource efficiency and conservation.

Good transformational marketing drove the early 'Grim Reaper' HIV-AIDs awareness campaign, has underpinned the success of the Quit anti-smoking campaigns, helped turn drink driving into a social disgrace and boosted skin cancer awareness and sun screen use. As these health and safety campaigns illustrate, transformational marketing is central to fostering deep behavioural change in society, which is required for sustainability thinking to shift mass consumerism to a less wasteful and more environmentally-advantageous paradigm.

Transformational marketing already has helped to propel Greenpeace to success as a global environmental and social change brand, turned WWF Australia's Earth Hour initiative into an award-winning international campaign in only its second year and has honed the Queensland Water Commission's impressive 'Target 140' campaign to cut home water use in and around water-stressed Brisbane.

Ushering in a new era of consumer sustainability requires that we do get serious about putting an end to greenwash. There need to be two clear messages for brand owners and their advertising and marcoms advisers: Risking greenwash is risky business! But getting sustainable marketing right offers competitive advantages!

Evidence of this can be seen in the offerings of brand owners like GE and its 'Ecomagination' campaign¹², with the US-based industrial and financial services giant aiming by 2010 to be spending \$US1.5 billion a year on clean products research and development, and be generating \$US20 billion in revenue from products that provide environmental performance advantages to customers. Toyota, Unilever and Westpac are other good examples of major corporations deriving legitimate differentiation for their corporate brands and in some cases individual products as well.

Rise of sustainable consumers

There is a growing target sector for marketers with a strong and true green story to tell. For over a decade market researchers have been tracking the

emergence of a major new consumer class that already manifests aspects of more sustainable consumerism. They are known in America as the LOHAS¹³ consumers, for Lifestyles of Health and Sustainability. In the US, recent studies¹⁴ have put them at up to 30 percent of the market (Worldwatch Institute) and as many as 40 million Americans (Natural Marketing Institute).

LOHAS consumers are not necessarily deepest green, but they are willing to pay more for genuine sustainability attributes alongside value for money, and they won't just buy stuff for the sake of it. They are a marketers' dream constituency in terms of above average education levels and disposable wealth. They buy organic foods and personal care products, renewable energy, and hybrid and electric cars, and they invest in socially responsible funds. As consumers they will take the time to listen to product stories that represent good truths well told, and especially sustainability truths, even if they are complex. That's the opposite of greenwash, and it's what we need to establish as mainstream marketing best practice, as opposed to just good green marketing. When green truths well told are a normal benchmark for good marketing, the transformation to a more sustainable society will be making progress.

For marketers who are intent on building genuine green market positions for their products, and even for their whole companies, the LOHAS-type consumers are a vital constituency. Market researcher and social ecologist David Said, in his 1997 Green Australia booklet, says: 'The most important segment of any new market is the early adopters. The trialists. The influencers. Those who provide the all important word-of-mouth recommendation. When we talk to the market segment most interested in products and services with an environmental advantage, we are talking to the top 50% in social status and education. Most of these people are adversarial shoppers. They distrust product claims and advertising. They read the labels. They subscribe to Choice magazine. They are tough customers.'¹⁵

In the public interest

Integrity in green-themed marketing is clearly in the public interest. There are a number of other sensitive and complex areas that are deemed worthy of special controls and scrutiny over advertising. Examples include the Consumer Credit Code, the Therapeutic Goods Advertising Code,

02 A SUSTAINABLE MARKET?

alcohol advertising (tobacco advertising is now banned altogether), and advertising to children.

The Advertising Standards Board, an industry-backed self-regulatory body¹⁶, is described as comprising 'a representative cross-section of the community, providing a free public complaints resolution service' and as considering 'complaints about any form of Australian published, broadcast or online advertising in relation to issues including the use of language, the discriminatory portrayal of people, concern for children, portrayal of sex,

sexuality and nudity, and health and safety'. Why not environment too?

While the official trade practices regulator the ACCC is active on targeting greenwash and bad carbon claims, this paper argues that a specific code overtly covering environmental and sustainability marketing claims should be considered, as well. This would support the public interest by protecting good green marketing from greenwash.



Figure 3 Emerging marcoms opportunities as sustainability shapes the market

03

Crafting a suite of responses

There's almost certainly no single or easy solution to greenwash, coming as it does in a variety of guises ranging from plain dumb to puffery to outright lies. WWF-UK, in a major report on responsible marketing, offers a complex 10-point plan for building sustainable brands.¹⁷ Good green marketing requires real commitment to deal with environmental complexities, to anchor the messaging with soundness rather than slickness.

A mix of interventions needs to be aimed at various parts of the extensive marketing 'food chain', especially brand owners, but also advertising and PR professionals, assorted industry bodies, the media and retail outlets of all shapes and sizes. For discussion and development, this paper offers three main action areas for putting an end to greenwash. They are not mutually exclusive, and a creative mix of them is likely to deliver the best outcomes. They are:

- **Self regulation** – The organisations representing brand owners and marketing professionals need to incorporate codes of conduct and/or clear guidelines for making environmental claims into their industry standards. To this end, TEC has suggested its own measures including a simple checklist that self-wary marketers and other brand communicators might adopt and promote internally. This would maintain vigilance on the threat of greenwash and build awareness of relevant issues, in order to avoid misleading or deceiving consumers on environmental claims. (See companion document 'THE GREEN CRED CHECKLIST'), and

- **Official crackdown** – There is still scope to deploy greater official 'stick', canvassing strong regulatory interventions to actively combat greenwash by mandating that claims be backed up

with evidence and identifying core words and phrases to be protected from misuse, and

- **Positive incentives** – There is an opportunity to offer some 'carrot' too, with an incentive-based approach to making products demonstrably greener, including awards, labeling programs and other positive brand profile opportunities.

Self regulation

Brand owners and advertising/marcoms professionals will need to work in their own right, and also collaboratively with environment groups, consumer advocates and regulators, to agree a checklist of key questions to answer before taking products to market with green and carbon claims.

More formally, this could become a code of conduct for environmental claims. This could extend to formal or informal 'pre-vetting' of major marketing campaigns that are intended to make environmental claims, and where question-marks may exist, in order to head-off embarrassment and destruction of brand value.

Brand owners' would make sure their marketing departments and the external agencies they use are aware of greenwash concerns and ways to avoid problems; advertising agencies and PR firms would do likewise with their personnel, raising general awareness with staff (see Figure 5 'concept poster' below) and developing deeper expertise among selected employees; industry professional associations like the Advertising Federation of Australia, the Australian Marketing Institute and the Public Relations Institute of Australia would offer training and educational opportunities for their members; and media outlets and retailers would take greater care in accepting advertising materials with green credentials claims.

03 IN SEARCH OF SOLUTIONS

While brand owners are the real powerhouse of marketing, their agencies have the potential to wield influence by proactively raising their own standards on handling green-themed marketing – delivering creativity with credibility, and claims with substance.

KEY QUESTIONS FOR AGENCIES TO ASK ABOUT GREEN CLAIMS:

1. Is the marcoms brief clear about what green claims should be made, what if any, weaknesses needs to be considered, and how any such claims can be supported by performance and/or independent analysis, evidence and testimonials?
2. Is any environmental benefit being claimed 'material' i.e. does it really make a difference in the bigger scheme of things, and can you make this judgment?
3. If the relevant brand owner has environment and sustainability professionals working in their business, are they engaged in the brief development process? Have you talked to them? Do they back up the marketing department's claims?
4. If carbon neutrality is being claimed, or other carbon claims are being made, is the product or the company's full carbon footprint clearly disclosed? Are the parameters of the claim clearly stated and is the coverage credible? If you are not in a position to assess these questions, have you checked with someone who can? And do your people know which experts and data to believe?
5. Can you see any avenues to help the brand owner in doing better at making credible environmental or carbon assertions? Perhaps be proactive in suggesting additional research support or other inputs.
6. Finally, apply a commonsense consumer test: Would you buy the story?

Official crackdown

A significant regulatory intervention contemplated by this paper is being dubbed 'core word protection'. Marketers may want to continue using core words like 'green', 'eco', 'environmental' and 'sustainable', or make claims like 'carbon neutral', 'climate-friendly' and 'environmentally-responsible', to suggest products have environmentally beneficial attributes. That will be fine, except there will be very clear caveats attached!

Under the proposed doctrine of core word protection, the use of such words and terms would be required to be backed up with specific details of the relevant performance that supports any environmental claims. This would expressly include carbon claims, and especially claiming carbon neutrality for products or even whole companies (a good source on this topic is *Getting to Zero: Defining Corporate Carbon Neutrality*¹⁸).

Key evidence would need to appear as part of the advertising text or script, and would apply to whatever marketing medium was being used, including print, radio and television, cinema, point-of-sale, outdoor, SMS and internet. A register of relevant core words would be maintained, possibly by the ACCC, with regular reviews to make additions or deletions. In particular, any claims relating to carbon neutrality, or emission reductions or management, would need to be supported by hard numbers and description of methodology.

Ultimate responsibility for meeting core word requirements would rest with the advertisers themselves, the brand owners who sign off on campaigns and pay the marketing bills. Breaches could attract fines and other penalties as well, possibly including forced withdrawal of offending products from sale. All of this would be done without any restriction on media coverage, and with an official name-and-shame approach.

Risking greenwash will truly become risky business, hopefully too risky. Yet companies with genuine and compelling green and sustainability stories will relish the opportunity to tell them in detail. If progress is made then consumer green literacy will rise over time, and consumer confidence in making purchases based on green claims will rise as well.

CORE WORDS REFERENCE: A list of core words and phrases to be wary of, and to be sure of your facts on, was outlined in a recent publication from the UK, *The Greenwash Guide*¹⁹. They include: Eco-friendly, Natural, Non-toxic, Green, Pollutant-free, Carbon neutral, Ethical, Fair, Recyclable, Low-impact, Environmentally-friendly, Energy efficient, Low carbon, Not tested on animals, Clean, Zero carbon, Zero waste.

Positive incentives

So what about carrots? Incentives are important to have alongside any threats of penalties, actual punishment and corporate embarrassment for bringing about the end of greenwash. Key objectives of incentives will be the triumph of more

03 IN SEARCH OF SOLUTIONS

energy- and eco-efficient appliances and other products, and the rise of sustainable marketing.

An example, involving one of the most significant consumer-facing problems of all, are the ubiquitous energy guzzlers in our lives, ranging from vehicles on the road, to air-conditioners and heaters in the home, PCs and printers in the office, and many more products. It's a priority area for consumers to know what's good and what's not.

Japan's 'Top Runner' program²⁰, driven by the global number-two economy's long-standing Energy Conservation Law, aims to develop the world's best energy-efficient machines and appliances. Top Runner sets targets and plays on both corporate pride, a significant influence in Japanese business culture, and also consumer responsibility via a labeling system. It uses the lure of enhanced brand image rather than legal coercion as the key lever to drive energy efficiency. Top Runner is certainly a good example of taking a positive approach to stirring the competitive juices of business, thereby delivering greener outcomes.

There are other examples. Energy Star, the world's most successful energy efficiency labeling program

with major impact in Europe²¹, North America and Australia too, has cracked the consumer code and driven real change in purchasing patterns and product offerings²². In another example, nearly 750,000 Australian homes are now purchasing government-approved GreenPower²³ and energy retailers now compete to improve their position in the Green Electricity Watch annual report from Total Environment Centre, World Wide Fund Australia and the Australian Conservation Foundation. Many of these consumers are choosing to pay more by comparison with traditional coal-fired power options.

Green marcoms awards are another approach for brand owners and their marketing advisers to consider, and ideally act on, to show they'll celebrate good green marketing. If marketers want to discourage harsher regulatory interventions, like the trend towards banning whole product classes such as incandescent light globes and electric hot water heaters, then they'll need to embrace incentive-based approaches with real passion, give them brand profile and deliver real change. Even so, tougher measures are unlikely to be avoided altogether.

03 IN SEARCH OF SOLUTIONS

TARGET AREA FOR ACTION	MEASURES FOR IMPLEMENTATION AS PART OF A BROAD-BASED CAMPAIGN TO END GREENWASH
Australian Competition and Consumer Commission	<ul style="list-style-type: none"> -Mandate 'core word protection' requiring publication of supporting evidence for environmental, sustainability and carbon claims -Impose an 'Environmental Copy Claims Code' on marketing and advertising professionals related to core word protection -Seek harsher penalties in any litigation over disputed claims when guilty companies have failed to take proper precautions (and provide guidance on how proactive best practice may be taken into account in litigation decisions and penalty submissions) -Make marketing and advertising professionals jointly liable with brand owners for relevant breaches of trade practices laws, codes etc -Aggressively name and shame greenwash offenders
Brand owners (major brand owners are represented by the Australian Association of National Advertisers)	<ul style="list-style-type: none"> -Establish industry 'best practice code' for using environmental and climate/carbon related claims -Develop and run training courses for in-house marketing executives and external agencies -Also develop outreach program for SMEs and small agencies -Make attention to marketing practices an integral part of corporate sustainability & CSR -Engage in-house and/or external environment, climate/carbon and sustainability experts in getting claims right
Advertising and marcoms firms/industry (Agencies plus Advertising Federation of Australia, Australian Marketing Institute, Public Relations Institute of Australia etc.)	<ul style="list-style-type: none"> -Establish industry 'best practice code' for advising clients on making environmental and climate/carbon related claims -Highlight greenwash problems and appropriate measures to avoid them to all relevant personnel, including general education measures and training courses for key relevant personnel -Develop relationships with environment, climate/carbon and sustainability experts to provide formal advice on copy claims and creative treatment where complex issues are involved
Community watchdogs i.e. green groups, social justice organisations and consumer advocates including CHOICE, TEC	<ul style="list-style-type: none"> -Put broad pressure on the extended marketing 'food chain' to raise overall awareness of greenwash problems, and to implement a coordinated program to lift standards i.e. green marketing best practice -Support brand owners and marketing and communications professionals in building internal awareness and capacity -Provide access for informal 'pre-vetting' of marketing campaigns to identify potential problems early
Media organisations	<ul style="list-style-type: none"> -Develop a screening process for identifying greenwash problems in advertising content -Work with watchdog groups and advertisers on a complaints protocol in regard to problematical advertising content -Proactively develop Greenwash Watch-style editorial content
Retailers	<ul style="list-style-type: none"> -Work with watchdog groups and advertisers on a 'retailer alert' protocol in regard to problematical advertising content, including packaging and point-of-sale material, with provision for withdrawal of products from the shelves; incorporate into their in-house marketing codes -Maintain highest standards for 'own brand' products

Figure 4, Framework for Action, suggests a range of actions that key players in the greenwash debate can take. TEC intends to follow up on these subsequent to their discussion with stakeholders and at the Green Capital events, 'Is it easy being Green?' being held in late August, as part of the ongoing program to combat greenwash.

GREENWASH IS RISKY BUSINESS! HELP TO GET GREEN MARCOMS RIGHT



GENUINE CLAIMS

If you use terms like 'green', 'carbon neutral', 'eco-friendly', 'environmentally conscious', 'natural', 'non-toxic', 'recyclable' etc to claim some environmental benefit for your 'product', then be clear about how the claim is backed up by evidence of demonstrated performance.



REALISTIC PORTRAYALS

Don't get carried away with the use of evocative imagery and other presentation tools such as colour and music. Make sure that portrayals of products and scenarios are realistic and factually sound and be wary of being swept up by green aspiration unsupported by achievement.



ECOLOGICAL & ENVIRONMENTAL SAVVY

Get informed about the terminology and relevant concepts (e.g. ecological refers to living organisms and their inter-relationships in eco-systems, while environmental goes wider to the non-living environment and human society and economy, and the full life-cycle of products.)



ENERGY & EMISSIONS PERFORMANCE

Understanding energy use and greenhouse gas emissions is core to the impact of any product on climate change, which in turn is the defining environmental issue of the 21st Century. Be careful with climate and energy claims, especially ill-defined terms like 'carbon neutral'.



NO TRICKS, NO SPIN, NO GIMMICKS

If you ever think you need to massage the message then recheck your facts and context. Cheap gimmicks and puffery have no place in bona fide green marketing. Environmental well-being is a serious issue. Use good humour in messaging by all means, but be respectful too.



For a simple guide to making environmental sustainability claims with accuracy and integrity

See the Checklist:

VISIT www.tec.org.au or www.greencapital.org.au

Figure 5: Conceptual 'workplace poster' for promoting the GREEN CRED CHECKLIST to marketing personnel

04

As a society we're still a long way from reaching a far more sustainable level of consumerism, yet that has to be the ultimate objective. The marketing food chain will need to be transformed. The most sought-after consumer attributes will need to change, from 'lowest purchase price' to 'least life-cycle cost', from 'more for less' to 'most ethical and environmentally sound', and from 'disposable' to 'lasting and reusable'.

This paper has presented a case for why we must end greenwash. Doing so is vital to unlocking consumer purchasing preferences as a positive force for sustainability, and for supporting genuine sustainability leadership companies over laggards and fakers. If brand owners, assisted by their marcoms agencies, won't act to end greenwash voluntarily, and decisively, then others will have to intervene. In the era of 3rd generation sustainability, responsible marketers will have to lead consumers towards better environmental and social outcomes, not wait to follow them. There are key roles for other stakeholders too.

Finally, there are several defining questions that if they were always asked and answered satisfactorily, then greenwash would be dead. The questions are:

1. TRUTH - If I make this green statement, can it be proven to be true 100 percent of the time?
2. MATERIALITY - Even if it is true, does the green statement really matter i.e. is the problem being avoided or remedied substantial and significant, or trivial and insignificant?
3. FULL DISCLOSURE - Are there any other environmental or sustainability issues being overlooked, especially negative ones?
4. SUBSTANTIATION – Whatever is being claimed, and whoever is making the claims, are they backed up by firm evidence?

Recommended reading

The 'Six Sins of Greenwashing'™, A Study of Environmental Claims in North American Consumer Markets, Terrachoice Environmental Marketing, November 2007, www.terrachoice.com/Home/Six%20Sins%20of%20Greenwashing

Eco-promising: communicating the environmental credentials of your products and services, Business for Social Responsibility and Forum for the Future, April 2008 www.bsr.org/reports/BSR_Eco-promising_April_2008.pdf

Getting to Zero: Defining Corporate Carbon Neutrality, Clean Air-Cool Planet (US) and Forum for the Future (UK), 2008 www.cleanair-coolplanet.org/documents/zero.pdf

The Greenwash Guide, Futerra Sustainability Communications, May 2008 www.futerra.co.uk/downloads/Greenwash_Guide.pdf

Let them eat cake: Satisfying the new consumer demand for responsible brands, Anthony Kleanthous and Jules Peck, WWF-UK www.wwf.org.uk/filelibrary/pdf/let_them_eat_cake_abridged.pdf

05

- ¹ *The Age* article 'Clearing the air on offsets', part of the 'How green is my greenwash?' series, by Matthew Murphy and Ruth Williams, February 23, 2008
www.theage.com.au/multimedia/greenwash/greenwash.html
- ² Australian Competition and Consumer Commission, Carbon Claims and the Trade Practices Act, June 2008
<http://www.accc.gov.au/content/item.phtml?itemId=833279&nodId=14e6d4cd90c85705b681de797365c53d&fn=Carbon%20claims%20and%20the%20Trade%20Practices%20Act.pdf>
- ³ Australian Competition and Consumer Commission, *Green Marketing and the Trade Practices Act*,
<http://www.accc.gov.au/content/index.phtml/itemId/815763>
- ⁴ *Green Australia: Mapping the Market*, A Prospect Intelligence Report, David Said, 1997
- ⁵ *The 'Six Sins of Greenwashing™'*, A Study of Environmental Claims in North American Consumer Markets, Terrachoice Environmental Marketing, November 2007,
<http://www.terrachoice.com/Home/Six%20Sins%20of%20Greenwashing>
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- ⁷ *Green Australia: Mapping the Market*, as above
- ⁸ *The Age*, as above
- ⁹ *Sydney Morning Herald* article 'Rise of the great green wash' by Julian Lee, November 24, 2007
<http://business.smh.com.au/rise-of-the-great-green-wash-20071123-1cgn.html>
- ¹⁰ Nielsen Online – Sustainability – It's Here to Stay
<http://nielsen-online.com/blog/2008/06/10/sustainability-%E2%80%93-it%E2%80%99s-here-to-stay/>
- ¹¹ *Sydney Morning Herald* 'Green tyre claims all hogwash', by Kelly Burke, consumer affairs writer, June 27, 2008
<http://www.smh.com.au/news/environment/green-tyre-claims-all-hogwash/2008/06/26/1214472673431.html>
- ¹² GE Ecomagination
<http://ge.ecomagination.com/site/index.html>
- ¹³ Lifestyles of Health and Sustainability (LOHAS) online <http://www.lohas.com/>
- ¹⁴ Wikipedia <http://en.wikipedia.org/wiki/LOHAS>
- ¹⁵ *Green Australia: Mapping the Market*, as above
- ¹⁶ Australian Association of National Advertisers
http://www.aana.com.au/regulatory_overview.html
- ¹⁷ *Let them eat cake: Satisfying the new consumer demand for responsible brands*, Anthony Kleanthous and Jules Peck, WWF-UK
http://www.wwf.org.uk/filelibrary/pdf/let_them_eat_cake_abridged.pdf 24
- ¹⁸ *Getting to Zero: Defining Corporate Carbon Neutrality*, Clean Air-Cool Planet (US) and Forum for the Future (UK) , 2008 <http://www.cleanair-coolplanet.org/documents/zero.pdf>
- ¹⁹ *The Greenwash Guide*, Futerra Sustainability Communications, May 2008
http://www.futerra.co.uk/downloads/Greenwash_Guide.pdf

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http://www.eccj.or.jp/top_runner/index.html

²¹ EU-Energy Star <http://www.eu-energystar.org/en/index.html>, US www.energystar.gov/ & Australia

<http://www.energystar.gov.au/>

²² Also see the UK Energy Savings Trust

http://www.energysavingtrust.org.uk/energy_saving_products/other_energy_labels

²³ GreenPower official site

<http://www.greenpower.gov.au/home.aspx> & watchdog sites

<http://www.greenelectricitywatch.org.au/> and

<http://www.choice.com.au/viewArticle.aspx?id=105707&catId=100285&tid=100008&p=1&title=Price+comparison%3a+GreenPower>



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