



terrachoice

Helping grow the world's most sustainable companies.

## Green Marketing & Greenwashing Trends

Susan Herbert, TerraChoice Group Inc.

Renewable Energy Markets 2009

Atlanta, September 2009





## Be informed

(because greenwashing risks everything)

- Green marketing trends
- Greenwashing trends
- Regulators and 'soft' guidelines
- Recent enforcement actions
- Things to remember



# TerraChoice Group Inc.

Communications



Helping grow the world's most sustainable companies.

Leadership

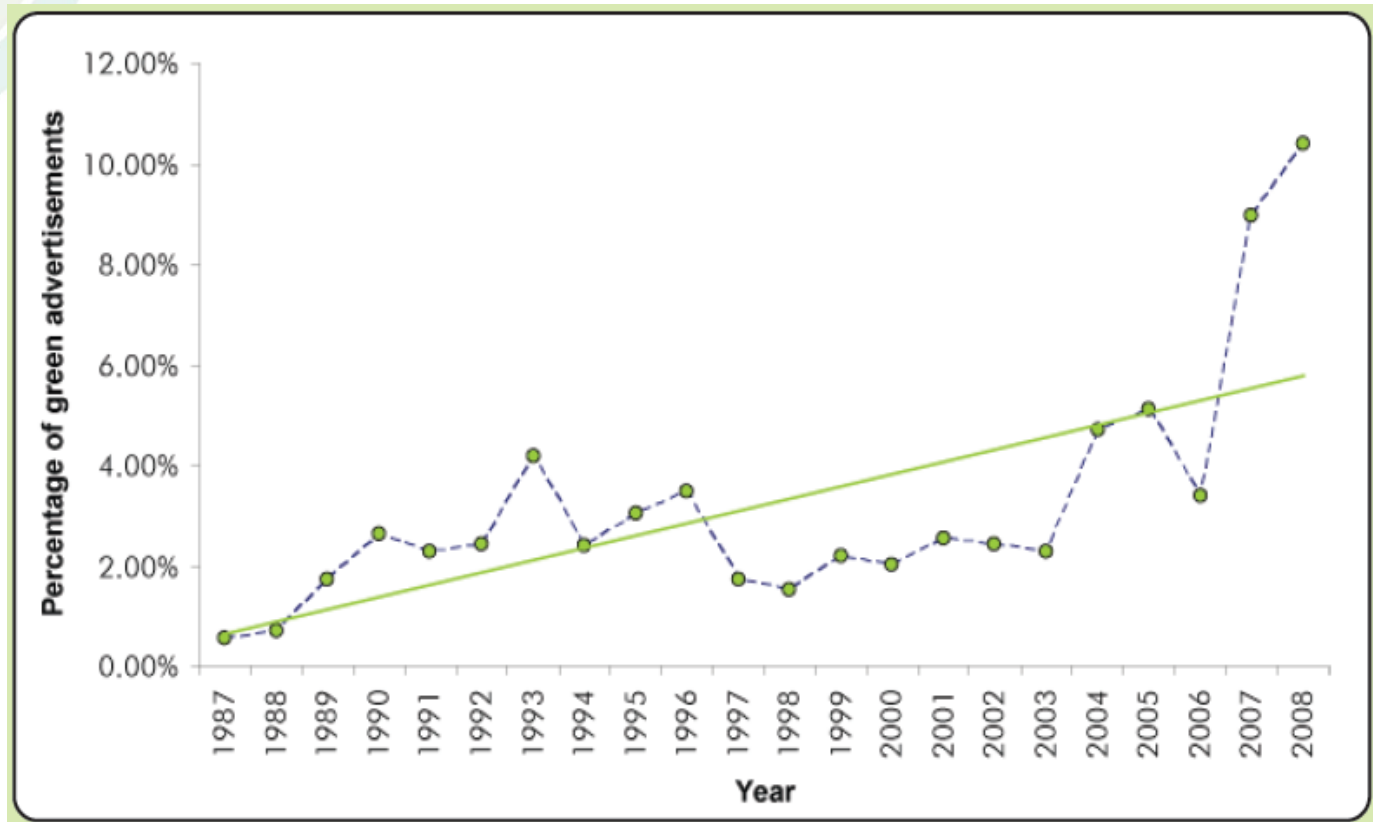


Certified. Sustainable. Leadership.

Trust



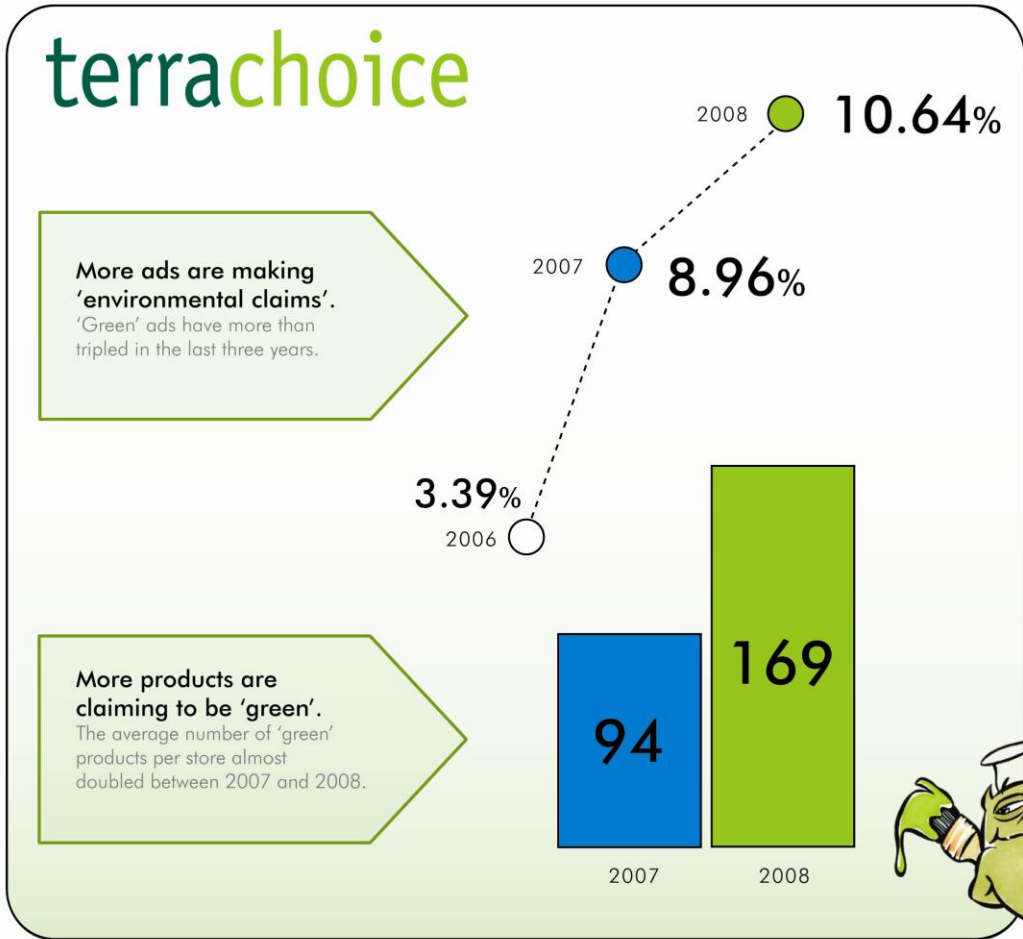
# Challenges



**Average of:** Vanity Fair, Sports Illustrated, Time Magazine, National Geographic, Forbes



## Proliferation of 'green'



# Complicated marketplace



<b>RAW NUTZ*</b>	<b>HERBs*</b>	<b>MOSS*</b>	<b>WEEDs*</b>	<b>SCUM*</b>
Righteous & Willing Nature Unspoiling Total Zealots	Hopeful Eco- Ranting Buyers	Masses of Sustainable Starters	Waiting for Everyone Else Demographic	Stubborn Comatose Undereducated Mainstream



## Complicated products





# Complicated laws







## Greenwash ('green'wash, -wôsh):

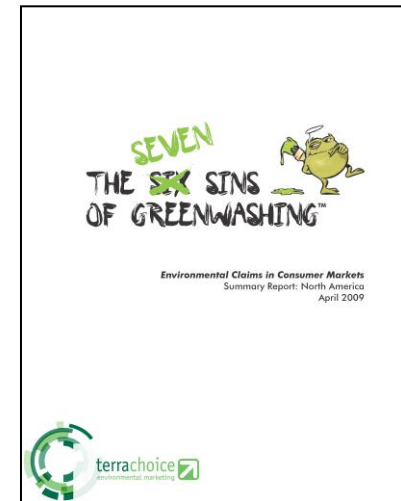
the act of misleading consumers or customers about the environmental practices of a company or the environmental benefits of a product or service.





## SEVEN THE ~~SIX~~ SINS OF GREENWASHING™

- Annual study
- Category-leading ‘big box’ retailers in US, Canada, UK and Australia
- US and Canada: 2,219 products making 4,996 environmental claims
- Key findings:
  - 98% of products committing a “Sin”
  - Eco-labeling is on the rise
  - Emergence of “fake labels”
  - More products making claims
  - Greenwashing is still rampant
  - Greenwashing is an international challenge
  - Kids, (toys and baby products), cosmetics & cleaning products have most claims & most greenwashing



[www.sinsofgreenwashing.org](http://www.sinsofgreenwashing.org)





# SEVEN THE ~~SIX~~ SINS OF GREENWASHING™

94%



Sin of the Hidden Trade Off

Claims suggesting 'green' based on one or two attributes while ignoring other important environmental issues



57%

Sin of Vagueness

So broad or poorly defined that its real meaning is likely to be misunderstood by the consumer



# SEVEN THE ~~SIX~~ SINS OF GREENWASHING™

43%



Sin of No Proof

Claims that can't be substantiated by easily accessible supporting information



Sin of Irrelevance

May be truthful but is unimportant and/or unhelpful for those looking for genuinely greener products

11%



SEVEN  
THE ~~SIX~~ SINS OF GREENWASHING™

4%



Sin of Lesser of Two Evils

May be true, but risk distraction from the greater environmental impacts of the category as a whole

0%



Sin of Fibbing

Just plain false



# SEVEN THE ~~SIX~~ SINS OF GREENWASHING™

39%



New sin found

Sin of Worshipping False Labels

Gives the impression (through words or images or both) of 3<sup>rd</sup>-party endorsement where none actually exists





# Greenwashing Risks - FTC

## Guide for the Use of Environmental Marketing Claims:

- Late 2007, announced revision of environmental marketing guidelines - 1 year earlier than expected
- All forms of marketing - advertisements, labels, package inserts, promotional materials, words, symbols, logos etc.
- Environmental claims should only be made if they are:

**True and accurate**

**Relevant and specific**

**Not misleading or subject to misinterpretation**

**Substantiated by competent and reliable evidence**

**Materially important and meaningful**





## Recent Actions

**January 2009 (CA):** San Diego man launches lawsuit vs. American Honda Motor Co. for claim of “Fuel-Efficient” Hybrid Honda Civic

**February 2009 (NY):** State of New York and environmental/public safety groups file suit against Tide, Ajax, Procter & Gamble, Colgate-Palmolive to force them to reveal household cleaners ingredient and for claim of “Eco-Friendly”

**March 2009 (CA):** A consumer filed a class action lawsuit against S.C. Johnson & Son Inc. for claim of “Environmental Safety and Soundness” on Windex product

**June 2009:** FTC charged Kmart Corp, Tender Corp and Dyna-E International with making false and unsubstantiated claims that paper products (disposable plates, moist wipes and compressed dry towels, respectively) were “biodegradable”



## Recent Actions

**August 2009:** FTC charged four clothing / textile companies – Jonano, Mad Mod, Pure Bamboo and the M Group – with making false and unsubstantiated claims that clothes and textiles are made using “an environmentally-friendly process” and are “biodegradable”

**June 2009 (Canada):** Canadian Competition Bureau approached seven spa companies and had them commit to stop making false claims of Energy Star rating on hot tubs and spas

**December 2008 (Canada):** Coalition including Friends of the Earth & the Polaris Institute filed a complaint under the Canadian Code of Advertisers after Nestle claimed that “bottled water is the most environmentally responsible consumer product in the world”



## Remember.....

- Consumers want to be green
- Green marketing is on the rise
- Markets, products and laws are complicated
- Don't underestimate consumers or regulators
  - Understand all of the potential impacts
  - Be able to substantiate your claim
  - Seek true 3<sup>rd</sup>-party certification or endorsement
  - Provide meaningful & relevant details
  - Don't create a misleading logo
  - Don't lie



# terrachoice

Helping grow the world's most sustainable companies.



## Thank You.

Susan Herbert  
sherbert@terrachoice.com  
1.613.247.1900

