Eco-promising:
communicating the environmental credentials of your products and services

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forum for
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About Business for
Social Responsibility (BSR)

About Forum for the Future

About this Report

This business briefing is intended to help managers in consumer-facing companies to communicate the environmental credentials of products honestly and convincingly. We examine why businesses are increasingly using environmental messaging on products, how different formats (such as eco-labels) have developed, and the risks and challenges associated with making environmental claims.

We use the term eco-promising to cover the practice of environmental claim-making and communication for products and services, including the use of labelling. Eco-promising offers opportunities to expand ethical purchasing and improve brand differentiation, but there is also a risk of negative consumer backlash if claims mislead or cannot be substantiated.

Our hope is that this briefing will help organisations to reduce their environmental footprint and that of their products. The guidance we provide is also designed to help organisations communicate in a way that allows millions of consumers to make more sustainable product choices and embrace greener lifestyles.

In compiling this report we spoke to a number of key players in the eco-promising debate. A full list of interviewees is listed at the back of this report – and we would like to thank them all for their valuable time.

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I. Executive Summary

The past few years have seen a surge in corporate eco-promising – the practice of making claims about the environmental attributes of products.

Eco-promises cover a wide array of activities, and take many forms. They might include pictures (of unspoilt landscapes or wildlife, for example), direct claims in text ('this product is carbon neutral') or specially developed symbols and labels. They can be made in advertisements, on websites and on products themselves.

Promises can be on a particular issue ('organic') or about the characteristics of inputs (chemical-free). They might be third-party labels (Forest Stewardship Council certified) or campaigns run by one company (Marks & Spencer's *Look behind the Label* campaign). Or they might just be a strategic commitment from the company – to develop more efficient products or to donate a percentage of profits to an environmental charity.

No matter what they are or how they're presented, these claims all have the same aim: to attract consumers and convince them to buy one product over another. But there are other benefits too. Some companies use eco-promises as a way to expand into new markets (e.g. retailers providing organic food), or to strengthen their brand by aligning products more closely with consumer expectations. Others use the life-cycle analysis involved in measuring environmental impact to drive innovation and make supply chains more sustainable.

The proliferation of environmental claims and eco-labels has confused many consumers, creating uncertainty about which claims to trust and how best to make environmentally friendly purchases. Some government agencies have even suggested they step in to protect consumers from false advertising. Many companies, recognising the problem, are working with government and non-government organisations (NGOs) to establish clear principles for eco-promising, and labelling in particular.

We hope this report provides a useful basis for this on-going dialogue and collaboration. It includes a brief history of eco-promising, from the first eco-label launched in Germany in the 1970s, to the carbon footprinting of products that has developed recently as a result of concern about climate change. It also highlights a number of important recent trends – the creation of in-house eco-labels and product ratings by big brands such as Timberland and Nike; the increasing use of electronic tags embedded in labels; rating schemes and company listings developed by leading NGOs such as Climate Counts and Greenpeace; as well as the provision of guidance to enable consumers to reduce the environmental impact of products during use.

The report concludes with practical guidance for those within companies who have responsibility for shaping and delivering eco-promises:

- Develop an understanding of the points in your products' life-cycle where their environmental impact is biggest, so as to prioritise improving performance in these areas
- In order to build trust, be transparent in what and how you communicate with your customers
- Seek independent verification of key claims to increase consumer confidence
- Develop a sustainability strategy to ensure that product claims are part of a credible corporate approach
- Encourage environmentally positive consumer action by increasing the availability of more environmentally-friendly products (and removing poor performing products) and developing reward schemes to positively influence buying decisions
- Adopt a multi-layered approach to getting your message across to all customers – use a range of communication channels to feed the needs of the most eco-conscious without overwhelming the less committed
- Anticipate and exploit ground-breaking technologies such as the ability to give consumers environmental information through embedded electronic tags
- Play an active part in shaping the rules that govern how your particular industry sector improves and communicates the environmental performance of its products

We hope you'll find this report useful and stimulating, and that it will assist you – and your company – in developing better, stronger and clearer eco-promises in the future.

1. Introduction

Action by businesses on environmental issues has increased dramatically in the past few years as evidenced by the increasing number of bold commitments from a range of high-profile companies.

The result has been an increased drive to communicate the environmental attributes of products and services to customers, in both business-to-business and business-to-consumer markets. This drive has usually involved claims of improved environmental credentials, often with entire product lines receiving an environmental make-over. We've seen improvements in product sourcing (particularly in relation to forests and fish), cleaner manufacturing processes and the use of less harmful chemicals. We've also seen some companies take steps to reduce the environmental footprint of their products after sale, with a growing emphasis on energy efficiency during use and on take-back policies for products at the end of life.

At the same time, technology is enhancing the means by which companies share environmental information. Businesses are developing better tools to track supply chains. Consumers are making increasing use of online resources to inform their purchasing and are demanding more detailed product information.

Leading companies have traditionally communicated product environmental performance by using established third-party eco-labels, such as those associated with the Forest Stewardship Council and Energy Star. But newer eco-labels are now proliferating. They cover an ever-widening range of products, issues and geographies. They also vary considerably in their methodology and in the type of assurance they offer[1].

A host of new approaches are being developed. These include:

- cross-industry voluntary standards (such as the emerging specification for embodied product greenhouse-gas emissions[2])
- industry-specific tools (such as the Electronic Products Environmental Assessment Tool in the ICT industry)
- company-specific methodologies developed by companies themselves (such as Timberland's Green Index).

So what constitutes a credible promise? Why does it appear to be more persuasive to claim that products are organic than to assert that they are carbon neutral? In practical terms, what do 'sustainable', 'green' and 'environmentally friendly' really mean?

This briefing explores these questions by summarising the historical context, main motivations, and key issues surrounding eco-promising. It concludes by offering practical guidance for those within companies who have responsibility for shaping and delivering eco-promises.

III. Eco-promising past, present and future

1970s and 1980s: life-cycle analysis (LCA) and the rise of the eco-label

Eco-promising started with the Blue Angel certification, a national eco-label developed by Germany in 1977. The scheme combined two innovations: life-cycle analysis to trace product environmental performance[3] and third-party assurance.

Before this, Coca-Cola, seeking to know whether glass or plastic containers caused the greater impact, conducted research into raw materials, fuels and other environmental issues. Arguably, these efforts laid the groundwork for the LCA development in the 1970s that framed early eco-labels[4].

By 1986 a national eco-labelling scheme (AENOR) had started in Spain. By 1990 labels for Nordic countries (Nordic Swan) and France (Norme Française Environnement), as well as Japan (EcoMark), New Zealand (Environmental Choice), Canada (ECP) and the US (Green Seal) had been established or were about to launch[5].

Corporate responses to these labels have varied. Hewlett Packard has used multiple standards to drive innovation and design, and markets its products on this basis. Products are certified by Energy Star, Blue Angel, Greenguard, TCO and others[6]. Other companies have developed their own customised strategies using guidance from NGOs. McDonald's, for example, publicised its recyclable plastic clamshells in 1989 with the help of the Environmental Defense Fund[7].

1990s: diversification and integration of schemes

In the 1990s national eco-label schemes were developed in India and China, and continued to spread in countries throughout Europe. With the formation of the European Union in 1992, a new Europe-wide eco-label ('the Flower') was developed to operate in parallel with national schemes.

At the same time, non-governmental eco-labels were coming of age. A few had been under development since the late 1980s, such as Oeko-Tex (focused on textiles) and the Blue Flag beach certification (tourism). In the 1990s more business-focused examples came to the fore, including the EPA Energy Star in 1992, the Forest Stewardship Council (FSC) in 1993 and the Marine Stewardship Council (MSC) in 1997.

In response, retailers developed their own 'preferred supplier' and other policies that encouraged such schemes. Home Depot, for example, began giving preferential treatment to FSC-certified wood in 1999. It was the first major US home-improvement retailer to do so, and quickly became the largest[8]. Today the company also has an in-house label, Eco Options, to flag the 2,500 products that it believes have the lowest impacts[9].

In 1998 the International Organization for Standardization (ISO)

characterised labels as being one of three types – those that are third-party verified, unverified claims by companies, and quantified life-cycle data (see box)[10].

> *A pedigree of eco-labels*
>
> The International Organization for Standardization (ISO) has classified environmental product claims and eco-labels into three types, based on the nature of the claim.
>
> Type I claims are declarations that meet criteria set by third parties, and are based on life-cycle impacts, e.g. the EU eco-label and Green Seal. These are award-type labels. As they require the product to meet independently set criteria, they should in theory be fairly demanding. This depends, however, on how strict the criteria are, and on the body that controls those criteria.
>
> Type II claims are manufacturers' or retailers' own declarations or 'green claims'. These can be useful, but much depends on the type of claim that the manufacturer or retailer makes. There are no pre-defined criteria, nor is there verification by independent bodies.
>
> Type III claims consist of quantified information about products based on life-cycle impacts (or Environmental Product Declarations – EPDs) on specific aspects such as energy output. Type III claims should enable products to be compared easily, for example for public procurement purposes.

2000–2008: more sophisticated eco-promising

By the turn of this century, the range of labels and the variety of goods on which they could be found were even wider. In 2000 the EU Flower re-launched to include services as well as products. In 2003 the Energie-Cités Display Campaign posted energy-efficiency data on European buildings.

Companies now use labels as part of broader eco-promising strategies, and many have developed quite sophisticated approaches. For example:

- Wal-Mart has pledged to make all its North American wild fish MSC-certified. It also buys more organic cotton than any other entity in the world. Its drive towards organic sourcing has reduced the quantity of pesticides, herbicides and synthetic fertilisers used to produce its clothing by 50-60,000 pounds (22 – 27,000 Kgs)[11].

- PepsiCo launched an on-pack carbon label on packets of Walkers Crisps in the UK in 2007. The label shows the quantity of greenhouse gases emitted (expressed as carbon equivalents) during the production and manufacture of each

featured product. Both companies, plus a host of others, are currently working with the UK Carbon Trust and British Standards Institute to establish a standard measurement and reporting framework to communicate greenhouse-gas emissions associated with products and services [12].

This kind of sophistication is a natural progression as companies increasingly seek to make links between their green credentials and a positive, attractive lifestyle. There is a recognition that with many consumers, building a trusted, aspirational brand is just as important as providing detailed product information.

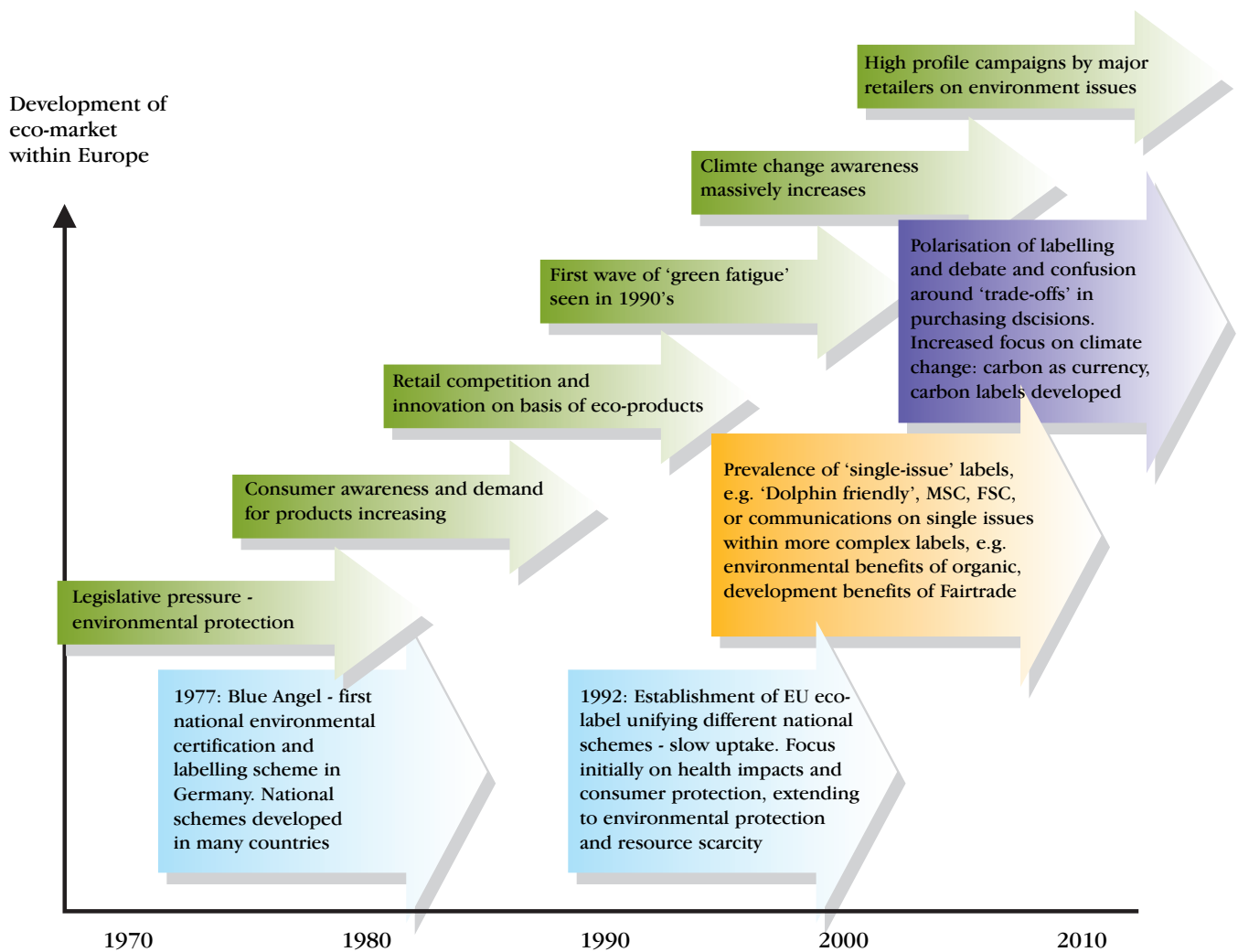Today, five key trends characterise the direction of eco-promising:

1. In-house methodologies and messaging

Although third-party labels are booming, many companies are opting to develop their own. For example, Nike's *Considered* label designates products with improved materials and better waste and chemical profiles[13]. Starbucks communicates its

support of low-impact purchasing through its CAFE initiative, which includes 26 criteria and 12 principles for sustainability in its supply chains[14]. And Timberland, which has developed a Green Index that rates products according to greenhouse-gas emissions, recycled content and chemical use,[15] is working with its peers to support the development of an industry-led standard for 'outdoor' companies[16].

2. Beyond labels

The communication of product-specific environmental credentials is moving into new formats that can incorporate more data and link to related information sources, such as lists of suppliers. Examples include Timberland's Green Index and Innocent Drinks, which is using web-based media to communicate the carbon credentials of its smoothies. A Finnish group, Green Touch, has built on the Thinglink initiative and database (www.thinglink.org) to incorporate a technology that reads electronic tags embedded in labels. Product information can be read by a hand-held device, such as a mobile phone, and immediately accessed[17].

Development of
eco-market
within Europe

High profile campaigns by major retailers on environment issues

Climte change awareness massively increases

First wave of 'green fatigue' seen in 1990's

Polarisation of labelling and debate and confusion around 'trade-offs' in purchasing dscisions. Increased focus on climate change: carbon as currency, carbon labels developed

Retail competition and innovation on basis of eco-products

Consumer awareness and demand for products increasing

Prevalence of 'single-issue' labels, e.g. 'Dolphin friendly', MSC, FSC, or communications on single issues within more complex labels, e.g. environmental benefits of organic, development benefits of Fairtrade

Legislative pressure - environmental protection

1977: Blue Angel - first national environmental certification and labelling scheme in Germany. National schemes developed in many countries

1992: Establishment of EU eco-label unifying different national schemes - slow uptake. Focus initially on health impacts and consumer protection, extending to environmental protection and resource scarcity

1970   1980   1990   2000   2010

3. Focus on customer use

Labelling has long been associated with detailed analysis of a product's impact from raw material use to end-of-life disposal. This continues to grow in its application and sophistication. Increasingly, companies are providing guidance and support on how to reduce the environmental impact of products during use, and how to deal with them at the end of their useful lives. Examples of this include the 'A to G' energy-rating label for appliances in the UK, and the information provided under recent European regulation on what to do with old electrical products such as televisions[18].

4. Implied claims

Companies are becoming increasingly creative with the use of implied attributes. This is done through evocative terms and images (e.g. images of free-range livestock) and endorsements (e.g. Sierra Club's endorsement of Clorox's Green Works line).

5. Others making claims about *you*

Watchdogs, aided by growing transparency and user-generated web content, are developing more sophisticated information and rating schemes to put pressure on laggards. For example, the non-profit organisation Climate Counts scores companies based on climate action; the Carbon Monitoring for Action database provides carbon emissions data on 50,000 global power plants; and Greenpeace publishes a guide to 'greener electronics'.

Where next?

National and international third-party labelling schemes continue to grow rapidly. Germany's Blue Angel eco-label, for example, is now used on approximately 3,600 products supplied by 580 companies. Meanwhile, individual issue-based and company-based labels are developing. Moving forward, two potentially conflicting pressures seem to dominate the landscape[19].

The first is a trend towards harmonisation, heralded by efforts to broaden the scope of existing schemes so that they complement, overlap or even merge with each other. Some European policy makers want to make it compulsory for national organic certification schemes in the EU to be subsumed under a single identifying logo on packaging. And some groups, such as Consumers International[20] and Sustain[21], advocate a single sustainability label that encompasses a range of issues. Others argue that a meaningful unified label is not practically feasible or that, even if it were, it would have limited use for two reasons: firstly, some consumers may find it hard to engage with schemes that bring together many different, often complex issues; and secondly, a unified label may distract attention from critical, specific issues associated with particular products.

A second important driving force is increasing demand for more detailed specification in environmental product assurance, both from regulators and from the public. There are arguments for the development of a consistent methodology to derive product information (e.g. agreement over what 'low carbon' means). A drive towards standard methodologies could mean more detailed analysis of some product lines, less for others. However, a clear benefit would be that such standardisation, if it led to on-product communication, could enable consumers to more readily compare the sustainability of products, as well as allowing retailers to 'screen' out some of the poorer performing products.

Companies will have to be wary, however, of how to communicate to increasingly confused consumers. Whatever the future holds, there is likely to be a drive to communicate more, not less, about the environmental attributes of products and services.

IV. Why make eco-promises?

Rationales for eco-promising are varied but company motivations often include:

Improving risk and operational management

In order to communicate environmental attributes effectively, companies have to understand them. The life-cycle analyses used to do so often reveal useful information: waste in production and distribution[22], supply chain risks and procurement opportunities.

Enhancing reputation

Communicating commitments and innovation in environmentally friendly business practice can improve a company's public reputation[23]. According to a Citigroup retail analyst, Marks & Spencer's *Look Behind the Label* campaign had a bigger positive impact on its brand than any of its past efforts[24].

Growing sales

There is evidence that eco-promising can increase sales, and many environmentally based product markets are growing rapidly. Mike Barry, head of corporate social responsibility at Marks & Spencer, suggests that environmental messaging on clothing can offer competitive advantage and price premiums[25]. Across all retalers global sales of organic products have topped $40 billion[26], growing at a rate of over 10 per cent each year[27].

Shaping the regulatory framework

Being on the front foot, ahead of potential regulation, puts business in a much stronger negotiating position with a range of stakeholders. When energy-rating schemes for white goods were introduced, some dishwasher and washing-machine manufacturers averted regulation by negotiating to remove less efficient models voluntarily[28]. A strong reputation can give regulators the confidence to allow voluntary action, rather than enforced compliance[29].

Ultimately, communicating product-specific environmental credentials can lead to a reduction in the overall environmental footprint of both products and organisations. This can be achieved through changing customer buying behaviour, improving the environmental efficiency of company operations and supply chains, or 'choice editing' – reducing the visibility on the shelf or the availability of higher-impact products such as inefficient light bulbs (as Wal-Mart and Tesco have done).

All these benefits will strengthen as the market for environmental products continues to grow, particularly if eco-promises are linked to additional consumer benefits such as health, freshness, quality, durability, or lower running costs.

However, there are many challenges associated with reaping all the potential benefits of eco-promising, as we now discuss**.**

V. Obstacles to fulfilling eco-promises

Research shows that eco-promises must be specific and believable in order to be persuasive. They need to demonstrate customer value in order to generate sales, and they must deliver on expectations in order to build satisfaction and loyalty[30].

This is a tall order, and it is unsurprising that there hasn't yet been a seismic shift in consumer understanding of environmental issues. Examples of eco-promising helping to create significant change in an entire product market (as with the pre-eminence of organic products among baby foods in the UK) are rare. There are a number of reasons why this might be the case.

1. Confused consumers

"Nearly half of consumers are confused about the differences between Fairtrade, ethical and organic products."[31]

- Richard Lloyd, Director General, Consumers International

Shoppers in the UK, Europe and the US are increasingly overwhelmed with information about what different labels stand for, what issues they cover and whether they can be trusted. With few universally accepted definitions of specific terms, increased demand for environmental products and services has led to an increasingly chaotic labelling landscape. Research shows that a number of logos and claims are vague, meaningless, non-transparent, or lacking in standards or verification[32].

When asked, consumers say they want to know more about the products they buy. However, consumers are often locked into different consumption patterns through habit, price, and access to different shops and goods. Additional environmental information may well be over-looked given the many other competing demands and messages[33].

Seventeen per cent of Britons are said to be suffering from 'green overload', and research confirms that providing too much data causes people to ignore what they see[34].

2. Expecting too much from the consumer?

"I'm sick of hearing that consumers want more information. They don't! They want knowledge - knowledge of what a brand stands for and to what extent it can be trusted to make those complicated decisions on their behalf."[35]

- Rita Clifton, Chair, Interbrand

There is a lively debate, particularly in the UK, as to the relative responsibilities of government, business and the consumer in tackling environmental issues. There is a need for all three to act in tandem according to a report by the UK Sustainable Consumption Roundtable, *I Will If You Will* [36].

Some independent research demonstrates consumer willingness to pay for environmental attributes (as, for example, in the case of dolphin-friendly tuna[37]). However, studies have also shown that environmentally conscious customers tend to overestimate how willing they are to pay extra[38]. There is a gap between people's stated values and their buying behaviour, the so-called 'value-action' gap[39].

It's also unrealistic to expect the majority of consumers to spend time understanding a range of complex issues. Is putting an airfreight logo on a packet of green beans flown into the European market from Kenya really going to be enough to empower consumers to consider fully the trade-off between carbon emissions from air miles and economic development in developing countries?

Producers and retailers alike need to think hard about what it is fair to expect from their customers, and how they can help shoppers navigate their way through a range of complex issues.

3. Congesting the supply chain

"It's difficult for brands, their supply chain partners, and customers to have visibility of all of the standards and certifications out there, what each is trying to address, and which ones are actually effective."

- Eraina Duffy, Considered Materials Research, Nike, Inc.

The systems and data required to meet eco-promises can drive up costs in the supply chain, particularly when suppliers are asked to respond to a diverse set of buyer requirements[40]. Managing more information can be expensive, which is why it is so important to clarify the most significant issues.

4. Creative constraints and brand crowding

"Certification is a double-edged sword. Independent, verifiable, agreed-on standards are good, but the downside is that they can ultimately be an impediment to innovation."

- Ian Yolles, Vice President for Brand Communication, Nau

Some of those interviewed for this report argue that environmental labels can distract from the brand[41]. Others argue that standards and the rigour of certification can stifle innovation by placing increased limitations on product development. For both these reasons some companies are wary of using third-party labels over which they have limited control. For consumers, however, an independent third party-verified claim tends to signify increased transparency and to create trust in the label and the associated brand[42].

5. Greenwash

A survey at the UN Climate Change Conference in Bali found 85 per cent of respondents in agreement with the statement that 'Some companies are advertising products and services with environmental claims that could be considered false, unsubstantiated and/or unethical'[43].

Theoretically, competing on environmental friendliness should be a win-win for companies and society. But often, say critics, companies are not competing on environmental *innovation* but rather on environmental *messaging*. The result? A recent study by Terrachoice of 1,018 consumer products in North America found that the claims of all but one were demonstrably false or potentially misleading[44].

Any charge of 'greenwashing', true or not, is likely to be picked up by the media, investors, or other stakeholders and can seriously damage a company's credentials. Perhaps more critical to the overall picture, allegations of greenwash can provide confused or reluctant customers with an excuse to do nothing.

VI. What should your company do now?

This section provides a 'how to' guide for those within companies who have responsibility for shaping and delivering eco-promises.

1. Know your products' biggest impacts

Understanding the life-cycle impacts associated with the manufacture and use of your products is key to reducing their environmental impact and to credible communication about environmental credentials. Without such information, precious management time could be wasted on dealing with relatively insignificant impacts. You could also find that suppliers and/or consumers are being encouraged to address issues associated with product manufacture, use and disposal that are not significant.

Once you have this information, it can introduce new challenges. Unilever, for example, estimates that 40 per cent of the CO_2 emissions related to its products occur 'upstream' and only about 20 per cent are associated with facilities or transportation that the company owns and controls[45].

Gathering robust impact data is also important to determine a baseline against which any improvements in environmental performance should be measured. Your baseline can be compared to regional, national and international targets for environmental outcomes – from climate change to toxins – to help align product improvements with legislative requirements and society's expectations.

It may be prohibitively expensive to embark on detailed life-cycle analyses of all products. The key to success is to use qualitative analysis and/or common sense to identify potentially high-impact products and services, in order to prioritise those that warrant more detailed, quantitative investigation.

PepsiCo – driving carbon reductions in its supply chain

PepsiCo was the first company in the world to put carbon labels on pack – on bags of its Walkers potato crisps. It did so to signal to consumers not only that the company had measured the carbon footprint of one of its best-selling products, but also that it was committed to reducing the embedded carbon of that product within two years. It did this in collaboration with the UK Carbon Trust.

As part of the footprinting process, PepsiCo found that 44 per cent of carbon emissions associated with a bag of crisps came from production of the raw materials, notably the way in which its potatoes were grown, processed and stored. The information gathered has enabled the company to make energy savings and it is working with its suppliers to further reduce emissions.

There are challenges. The initial cost of calculating embedded carbon in a single product was high. But such costs will fall as more products are assessed and the methodology is streamlined. In addition, communicating to the consumer on these issues is a relatively recent development, but Walkers' consumer insight suggests the label has helped to increase awareness of both the impact of the products that people buy, and the carbon footprint of everyday food. Finally, pulling together suppliers to work collaboratively on carbon management and reduction promises to be a long-term challenge. It started in late 2007 with supplier summits and the launch of the Carbon Disclosure Project's Supply Chain Leadership Collaboration.

2. Be transparent

Customers and other stakeholders are looking to companies to be ever more transparent about their practices and the impacts they have on the environment and society. There are significant benefits in disclosing this information. It can improve relationships with pressure groups and can deliver competitive advantage. Being open and honest can play a valuable role in securing brand loyalty.

Timberland - more transparency through user-friendly information

Timberland, a footwear and clothing company, developed a labelling initiative called the Green Index to give customers information about the environmental impacts of its products. The index covers three performance areas: greenhouse gas emissions, recycled content and use of chemicals.

The Green Index was born after Timberland had displayed internal environmental metrics for its sub-brand, Miön, in 2005. The following year the company introduced a second iteration, disclosing environmental and 'community impact' data about products based on corporate and facility averages. This evolved in 2007 into the Green Index, which provides environmental metrics on individual shoe lines based on a life-cycle assessment. It is currently available for around ten types of shoe, with an aspiration to extend this to a hundred product lines in the near future.

Use of life-cycle analysis (LCA) data
By using LCA data Timberland is making detailed information available to customers about the environmental impacts of its products. According to the company, the information brings internal benefits as well, such as insight for decision-making.

Relative measures
Absolute metrics, such as pounds of carbon emissions, are currently of little value to consumers. The Green Index uses a simple product score of between zero and ten that allows for comparison between products.

Simple presentation
The Green Index, displayed on a box sticker, provides a hierarchy of information: overall product rating first, then more detailed performance measures, and then background information in small print. A web address is provided for further information.

Building on its experience, Timberland has joined forces with rival company REI to establish an industry initiative known as the 'eco working group'. This group aims to develop a common platform for language and assumptions about product life-cycle impacts, in order to allow performance comparisons between a number of companies[46].

3. Bolster your claims with independent verification

Third-party verification of environmental credentials can often bring legitimacy to an eco-promise. Many of the most successful eco-labels are those that have been backed by issues-led organisations, for example the Soil Association certification of organic products or the Rainforest Alliance for tea and coffee. The US Congress, concerned about consumer confidence in claims that lack standards to back them up, has asked the Federal Trade Commission to proceed quickly with its review of environmental marketing claims[47].

Third-party verification can range in scope from qualitative assurance of general claims to detailed verification of all stages of a full life-cycle product assessment. When deciding on the scope of verification to adopt, organisations need to evaluate the type of product (is it high or low impact?), the market (consumer or business-to-business) and the level of brand trust and integrity already in place.

Given the generally low levels of consumer trust in big business, some degree of external verification is an essential component of any credible environmental claim. In choosing which organisation to use, companies need to consider brand fit, benefits to suppliers and where the best opportunities lie for engaging with customers.

4. Avoid making claims 'in a vacuum'

Understanding a product's life-cycle, being transparent about its impact and throwing in some third-party verification is only part of the way forward. For any claim to be credible it needs to be made within the context of a wider environmental or sustainability programme.

Claiming environmental credentials for one 'hero' product in a portfolio of 'villains' is a high-risk strategy. Once the spotlight moves to the rest of the portfolio, serious questions will tend to be asked about corporate integrity. Similar concerns apply to certifying one ingredient out of many or just the packaging rather than the whole product. A useful defence may be to point to plans to improve all products over time, as well as any efforts being made to tackle direct organisational impacts on the environment. Without this wider context, any eco-promise may seem rather hollow.

In addition, consumers are still largely interested in personal benefit. The most successful promotional campaigns for products with reduced environmental impacts emphasise customer value first. The campaigns for Philips Marathon light bulbs, BP Ultimate fuel, Method non-toxic cleaning products and Chic front-loading washing machines are good examples[48]. Eco-promises will have more impact if they are linked to consumer benefits such as health, freshness, quality, durability, and lower costs in operation.

CONFIDENCE IN TEXTILES
Eco-friendly factory
according to Oeko-Tex Standard 1000
No 000000   Institute

GREEN SEAL

ASK ABOUT ENERGY STAR

working with the Carbon Trust

100g CO2

www.msc.org

FSC

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5. Enable and encourage consumers to act

Recent data from many parts of the world suggests that consumers increasingly care about environmental issues[49]. However, some of this data also shows that there is quite a significant 'value to action' gap – customer concern does not always translate fully into changes in purchasing and other behaviours.

There are at least four possible options companies can consider for addressing this challenge:

I. Choice edit

Make it easier for your customers by 'choice editing' – removing the option to buy products that are known to be unsustainable. Retailers already use complex category-management specifications and buying criteria to edit customer choices – by excluding blemished or misshapen fruit and vegetables from sale, for example. Choice editing for sustainability is an obvious next step, but will need industry-wide collaboration to ensure common standards. For example, the Energy Rating label on electrical appliances in the UK has encouraged retailers to sell more efficient models, as manufacturers have not wanted to see their brands associated with 'inefficient' washing machines and fridges. Likewise, a number of leading supermarkets in the UK now only sell Fairtrade tea, coffee and bananas.

II. Use promotions and reward schemes

Encourage consumers to buy more sustainable products by linking them with promotions and reward schemes. This needs to be done carefully and consistently. Marketing and incentives need to be consistent with the principles of sustainable consumption. For example, introducing a 'buy one, get one free' offer on an eco-labelled product could be interpreted as encouraging excess consumption and waste.

Tesco Green Clubcard points – rewarding sustainable behaviour

Tesco Clubcard is the most popular supermarket loyalty and reward scheme in the UK. Customers receive one Clubcard point for every pound spent, and points are redeemed as vouchers that can be spent in the supermarket, on tesco.com or on special-value Clubcard deals. Members also receive details of individually tailored product offers with their Clubcard statements (www.tesco.com/clubcard).

In 2006 Tesco introduced Green Clubcard points – earned in the same way as the original points but linked with activities that benefit the environment.

Members receive one point for reusing a plastic bag, 100 points for each inkjet cartridge recycled and up to 300 points for recycling a mobile phone. Over one promotional period, double points were awarded for a wide range of 'green' products including energy-efficient and energy-saving appliances and all organic products[50].

Like all Clubcard points, one of the things Green Clubcard points can be used for is to get free air miles, which is obviously in conflict with the card's objective of encouraging sustainable behaviour. This inconsistency aside, Green Clubcard has been a simple and effective way of rewarding customers for 'greener' behaviour.

III. Go beyond a label

Companies shouldn't just rely on labels to get their messages across. Product information can now be shared via many more 'touch points': at point of sale; in retailer magazines, leaflets and websites; through roadshows, helplines and education packs. These, combined with a creative approach to interactions with staff and vendors, can provide a plethora of eco-promising opportunities. Utilising these touch points is increasingly necessary as issues and appropriate responses become more complicated and the number of conflicting and competing messages grows. Companies must look for new and innovative ways of engaging the consumer.

Boots – driving carbon reductions across the product life-cycle

Boots the chemist worked with the Carbon Trust to measure the carbon footprint of Botanics shampoo. Analysis of the life-cycle of the shampoo revealed that 93 per cent of its carbon footprint came from consumer use, through water heating and consumption[51]. Because of this, Boots has trialled providing material at point of sale to advise consumers on how they can reduce their personal carbon footprints. Boots has also reduced the shampoo's production-related carbon footprint by 20 per cent and started to use recycled plastic in the packaging.

A Boots survey showed that just 28 per cent of customers knew that a product's carbon footprint related to climate change[52]. But the survey also showed that a majority thought it was important to tell customers how much carbon was used during an item's production. Importantly, having had the label explained to them, the vast majority of consumers felt that they could take some personal responsibility for reducing their carbon footprint. For Boots, benefits have been greater brand trust, as well as tangible energy savings in the supply chain.

IV. Talk about bigger issues

According to recent polls, the general public is increasingly motivated by stories[53]. Basic information may not be enough. Yet research by the UK National Consumer Council[54] shows that even when consumers say they want more information and it is well presented, clear, and action orientated, it doesn't necessarily lead to behaviour change. As outlined in a report by AccountAbility, *What assures consumers?,* "consumer choices are part of social conversations and enabling people to change means changing what is socially acceptable[55]."

Ariel 'turn to 30' – educating the consumer to take action

Ariel, one of Procter & Gamble's best-selling laundry detergents in the UK, launched its award-winning 'turn to 30' campaign in 2007. Consumers were urged to wash their clothes at lower temperatures through on-pack messaging and television advertising. This simple step helped customers reduce their energy consumption by 41 per cent. The success of the campaign has been attributed to its simplicity and directness. Ariel's website continues to encourage consumers to take the Ariel 'turn to 30' promise. Getting consumers to make their own 'eco-promise' has strengthened loyalty and improved the environmental credentials of the brand.

6. Understand your customers and target different market segments in different ways

For organisations selling the same product in different geographies, differentiated communications may be advisable. There could be a need for strong eco-promises in those markets where environmental issues are high on the consumer agenda, but relative silence in those markets where there is less customer interest. Even when there is little interest on environmental issues in some markets, eco-promising in other markets can continue to drive improvement in product development and environmental performance. These improvements once turned into a story, can then be communicated to the customer at the point at which they are most likely to engage on the issue and/or market edge can be derived.

It is worth noting, however, that consumers can't be straightforwardly bracketed as either green or non-green. The *Guardian* newspaper's Green Light tool has shown that consumers fall into five major categories in terms of their approach to the environment[56]:

- 'Onlookers' – 26 per cent of the population, simply aren't interested
- The 'conveniently conscious' – 35 per cent of the population, will make green choices if it's easy
- 'Positive choosers' – 31 per cent actively look for ways to be green
- 'Vocal activists' and 'principled pioneers' – each accounting for 4 per cent of the population, will really take a stand on issues.

Similar consumer breakdowns exist in the US[57]. Clearly, different groups of consumers are motivated in different ways, and will need to be communicated to differently. Importantly, according to research by the Guardian, most want this agenda made easy for them. These improvements can then be communicated to the customer at points most appropriate to them and the overall strategy.

7. Anticipate game-changing technology

Technology is changing both the way in which companies manage environmental information and the way in which consumers want to receive it.

Although the technology has been around for a while, innovations in the use of electronic (Radio Frequency Identification - RFID) tags could have a huge impact. Through the ability to track and store information on products, they are allowing better management of supply networks, and could be used to reduce supply-chain complexity. On products, the tags will change the way in which information can be stored and accessed – including information on provenance and environmental performance.

But the information derived from these tags can also be shared with customers via searchable information databases. This allows the possibility of greater interactivity, while providing better information about products throughout their lives. In time this information will be available via mobile technologies, in store and online.

In addition, satellite imaging and chemical markers will enable customers, and companies, to understand food products better and track them from 'farm to fork'[60]. Smart packaging developments – such as interactive labels that indicate food quality (based on time and temperature) or electronic displays on containers for beverages and foods – will impact how consumers view and interact with the products they buy, and could support more effective environmental communications[61].

8. Participate in the rule making

Having a well-known and stable set of industry-wide norms is necessary for creating a platform for innovation. New environmental standards are currently evolving in most industries. It may pay companies to advocate and help develop the definitions, metrics and assumptions that make most sense for their individual needs.

The Timberland, Boots and PepsiCo examples above demonstrate how companies can innovate, gain competitive edge *and* help set the rules by which the industry as a whole can move forward. The key to success is to know when to compete and when to collaborate.

> ### *Marks & Spencer – engaging consumers*
>
> Marks & Spencer's *Look Behind the Label* advertising campaign, launched in 2006, was designed to introduce customers to a range of ethical issues in five main areas: Fairtrade, sustainability, washability, avoidance of GM ingredients and animal welfare[58]. The campaign intended to raise awareness about important issues (e.g. chemicals in food) while also encouraging behavioural changes (e.g. washing clothes at lower temperatures).
>
> So what worked? Importantly, the campaign messages were simple and claims were seen as credible. But it was also valuable to underpin them with a far-reaching marketing campaign, including full-page advertisements in national daily newspapers and in-store promotions.
>
> According to Stuart Rose, chief executive, the challenge is not getting too far ahead of the customer: "Half a step ahead is about right. Much more, and you won't sell. Any less, and you won't lead[59]." In some situations this may be true. However, to treat this as a hard-and-fast rule would be to miss the occasional opportunity to effect truly market-changing behavioural change.

VII. Conclusion

Eco-promises, like any promise, shouldn't be entered into lightly. A promise is built on trust: once broken, it's hard to restore.

That's why it's so important that companies get their eco-promises right. If you're going to put your head above the parapet and make claims about your product or service, then they have to be true.

But trust is about more than the truth of facts and figures. It is an understanding between two parties based on an implied hope in each other. Trust describes an emotional relationship – based as much on abstract concepts such as intention, belief and ambition, as it is on quantifiable evidence of good performance.

This means that eco-promises need to be embedded in the strategy of an organisation, across the entire supply chain, all operations and every member of staff. Only then will an organisation achieve the maximum benefit of an eco-promise, and only then will consumers trust one brand more than another.

This report has outlined the history of eco-promising trends, the barriers that currently threaten the field, and how companies can do eco-promising better.

We hope that the knowledge and learning that we've shared will help to shape the eco-promising industry and lead to better relations between consumers and businesses, resulting in environmental benefits that everyone can enjoy.

Resources

Resources	Geographical focus	Format	Marketing guidelines	Label and symbol comparison / databases	Company database
Complying with the Environmental Marketing Guidelines (US Federal Trade Commission)	US	Report	x		
Green Claims – Practical Guidance (UK Department for Environment, Food and Rural Affairs)	UK	Report	x	x	
Guidelines for Making and Assessing Environmental Claims (European Commission)	EU	Report	x		
Green Food Claims (Consumers International)	UK	Report	x		
Introduction to Ecolabelling (Global Ecolabelling Network)	Global	Report	x		
Understanding Labelling Rules (UK Food Standards Agency)	UK	Report	x		
Label Claims (US Food and Drug Administration)	US	Report	x		
ISO 14020:2000: Environmental Labels and Declarations — General Principles (International Standards Organization)	Global	Report	x		
The British Code of Advertising, Sales Promotion and Direct Marketing (UK Advertising Standards Authority)	UK	Report	x		
Consumer Reports Greener Choices Eco-Labels Center	US	Database	x	x	
Ecolabelling.org	US & EU	Database & Blog		x	
Green Guide Smart Shopper's Non-Food Labels Guide	US	Web page		x	
Corporate Codes of Conduct: Is Common Environmental Content Feasible? (Resources for the Future)	US	Web-based	x	x	
Emerging Ecolabels for Food Products	US	Report		x	
Sierra Club's Sierra Magazine	US	Web-based		x	
Symbols on Packaging (Biffa)	UK	Web-based report		x	
EcoMarket International	EU	Database		x	x
Organic Exchange	US	Database			x
US Environmental Protection Agency Database of Environmental Information for Products and Services	US	Database		x	
GreenLabelsPurchase.net	EU	Database		x	

Interviewees

Tim Bishop (**Apple**), John Black (**New Leaf Paper**), Betsy Blaisdell and Pete Girard (**Timberland**), Eric Brody and Ian Yolles (**nau**), Scot Case and John Polak (**Terrachoice**), Adam Croan (**Lowe Pro**), Sasha Courville (**ISEAL**), Eraina Duffy (**Nike**), Jill Dumian (**Patagonia**), Sunny Fenton and Christine Koller (**Evo**), Nikki Gersten (**Chartreuse**), Jennifer Giles and Aleka Seville (**Green-e**), David Guernsey (**UPS**), Kevin Hagen and Kevin Myette (**REI**), Caren Holzman (**Transfair**), Mark Huis in't Veld (**Made By**), Ron Jarvis (**Home Depot**), Heiko Liedeker (**Forest Stewardship Council**), Che Mott (**Aravo**), Euan Murray (**Carbon Trust**), Mark Newton (**Dell**), Ann Obenchain (**Outdoor Industry Association**), Lauren Orme (**Marks & Spencer**), David Refkin (**Time Inc**.), Wayne Rifer (**Green Electronics Council**), Auden Schudler (**The Aspen Skiing Company**), Jan-Kis Vees (**Unilever**), Alexander Winslow (**Scientific Certification Systems**).

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