

Green Marketing

The current economic situation has put a pinch on all aspects of marketing. Public relations, advertising and marketing budgets (usually in that order) are typically the first line items cut when companies are looking to reduce expenditures and they are typically the last items funded (usually in reverse order) once sales start picking up. This makes it difficult for marketing professionals, green or otherwise, to get their messages out to end users.

Gets SERIOUS

– by Pat Lafferty



- *Lack of credibility or trust by consumers and end-users*
- *Confusion regarding green or sustainable product claims*
- *Reputational risk from “misleading claims”*
- *Liability risk from “greenwashing” under FTC Green Guides*

For organizations embracing green marketing, it's not only the economy that makes it difficult to communicate their messages but also the buying atmosphere. Stephen Wenc, the president of UL Environment, the new green arm of the well-established certifying body Underwriters Laboratories, laid out four basic challenges to effective green marketing.¹

First of all, marketers face a lack of credibility or trust by consumers and end-users. There's also confusion regarding green or sustainable product claims and a reputational risk from “misleading claims.” Finally, there's the threat of liability risk from “greenwashing” under FTC Green Guides.

There is some good news, though, especially for those organizations that look to green marketing for their edge. The Environmental Leader has recently released a groundbreaking study called *Green Marketing: What Works, What Doesn't*.² The executive summary of the study explains a number of key findings.

- More than 80 percent of respondents indicated they expect to spend more on green marketing in the future. Among manufacturers, that number is significantly higher.
- 28 percent of marketers themselves think green marketing is more effective than other marketing messages while only 6 percent of marketers think it is less effective.
- Respondents with marketing budgets under \$250,000 dedicate over 26 percent to green marketing while budgets over \$50 million dedicate only 6 percent to green marketing.
- Firms that used the most trackable media (direct marketing and the internet) said green marketing worked better than the average marketing message.
- In terms of actual green actions, about half of companies reported that they are consciously taking steps to become greener.

Another compelling result of the study was that “management first buys into ‘greenness’ and, later, green marketing, rather than beginning green marketing efforts simply out of a desire to appear green.”³ In short, green marketing is not built on greenwashing, but rather environmentally conscientious companies that are greening their buildings, their processes, their products and their distribution, and then leveraging these attributes to targeted customers through their marketing messages.

In order to effectively leverage these attributes, marketers have to craft the right message for the right audience. Maryam Banikarim, author of the article *Seeing Shades in Green Consumers*,⁴ identifies different green target audience categories, each with a different rationale for their purchasing decisions.

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- Alpha-Ecos (roughly 43 million U.S. adults) are deeply committed to green causes and saving the planet, and are most willing to buy green products at a premium.
- Eco-Centrics (about 34 million adults) are more concerned about how environmentally responsible products benefit them personally and immediately than how the products effect abstract, global-level environmental issues.
- Eco-Chics (about 57 million adults) are not particularly concerned about environmental issues but rather the status of being perceived as green.
- Economically Ecos (about 53 million adults) are less concerned about saving the planet and more concerned about saving money, willing to pay more for green products as long as they are convinced it will save them money in the long run.

While these categories were created for the consumer market, they translate well to the business-to-business market also, offering savvy marketers opportunities to deliver specific messages to appeal to each group. In the building industry, for instance, Alpha-Ecos will tend to purchase products based on their ability to save the planet. Making these benefits the primary message would be a solid marketing strategy to appeal to this audience. Messages about how products improve the health and well-being of the building's occupants would appeal to Eco-Centrics while messages about how a product will make the building a showcase property would attract the attention of Eco-Chics. Economically Ecos, seemingly the epitome of today's building owners and operators, need to see the ROI before they are willing to purchase anything green. Obviously, there's a little bit of all these characteristics in each customer, but identifying which of these categories is the most prominent in a particular prospect offers the sales and marketing team a leg up when crafting its green marketing messages.

Furthermore, companies that have prided themselves on making products with reduced environmental impacts are suddenly realizing that strong substantiation of claims is not just a competitive advantage, but a way to mitigate business risk. Due to the increasing interest in protecting their companies from the liability of making deceptive claims, many marketers are familiarizing themselves with the Federal Trade Commission's Green Guides. For those with limited knowledge of the FTC's Green Guides, here is a brief primer on some of the essentials it includes:

- Scope - The guides apply to any and all environmental marketing claims, including labeling, promotional materials and other types of marketing.



- Clarity - Environmental claims need to be clear in the type of language used, in the way a message is portrayed and in understanding what the message applies to.
- Overstatement and Relevance - Claims should not overstate an environmental benefit or attribute of a product and should be relevant to the product type.
 - Claims should not say the product does not contain a harmful substance when in fact no products of its type contain the harmful substance.
 - Claims should not exaggerate a benefit that may in fact be negligible
- Vagueness - Claims should also not make general or vague statements implying a general environmental benefit that can be confusing to consumers.
- Substantiation - Anyone making an environmental marketing claim must have underlying proof: "...competent and reliable scientific evidence, defined as tests, analyses, research, studies or other evidence based on the expertise of professionals in the relevant area, conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results."⁵



Green Guides aren't empty threats, either. The FTC has brought suits against two greenwashing manufacturers: once pertaining to biodegradability claims in June 2009, and once with "100 percent bamboo" claims in August of the same year.⁶

Brooks Beard, a lawyer familiar with the FTC's recent legal action against greenwashers, offers four steps to avoid claims -- and possible legal charges -- of greenwashing.⁷

- Carefully pick the products or services you promote as green
- Be specific with word choices (focus on the specifics rather than the general)
- Be specific about what part of your product or packaging is green
- Substantiate, substantiate, substantiate -- always back up your claims

The fact that the FTC is enforcing Green Guides is a boon for organizations that truly are green as they will be readily able to take advantage of the increased public trust once greenwashing is identified and its perpetrators prosecuted. One of the likely by-products of this crack-down on greenwashing is a movement toward more scientific-based decision making and marketing. As more manufacturers look to ensure their marketing claims can be substantiated to mitigate risk of legal enforcement and negative publicity, they will turn to certification programs to help them affirm their green claims.



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Two important government certification programs are ENERGY STAR® and WaterSense®. ENERGY STAR, which has come under fire recently,⁸ is a program administered by the U.S. Environmental Protection Agency (EPA) which helps businesses and individuals protect the environment through superior energy efficiency. You can find the ENERGY STAR label on products in over forty categories for the home and office. These products deliver as good or better performance as comparable models while using less energy and saving money.

WaterSense is a voluntary public-private partnership program sponsored by the EPA. Its mission is to protect the future of our nation's water supply by promoting and enhancing the market for water-efficient products and services. The program provides labeling for products that are water efficient, as well as advice on their website for people that need more information on water saving measures.

Some other widely accepted certification systems include:

- Greenguard, which focuses on indoor air quality and measures the emission levels from products. It is a third party certification that applies to adhesives, appliances, cleaning systems, insulations and paint among others.
- Green Seal is an independent third party certification focused on product performance, lifecycle and product-specific features.
- SMaRT Certification aims to define “sustainable products.” It looks at all of the impacts of the product through its lifecycle from raw materials through end of use. This is an attempt at being the most comprehensive certification program available. SMaRT, a rigorous, third-party certification, currently certifies building materials and textiles.

As the economy continues to recover and green marketing becomes more and more mainstream, companies that are initiating sustainability programs and green marketing efforts stand to ride the crest of the wave. And to further the analogy, as their marketing budgets come back to pre-2008 levels, those companies that are truly green will find sales and marketing keeping their sails full while those that are pretending to be green will feel like they're paddling upstream.

¹ GreenBiz Staff; *Four Challenges and Four Solutions for Green Marketing*; October 15, 2009

<http://www.greenbiz.com/news/2009/10/15/four-challenges-four-solutions-green-marketing#ixzz0lqUEcLz8>

² Environmental Leader; *Green Marketing: What Works; What Doesn't - A Marketing Study of Practitioners*; November, 2009

<https://reports.environmentalleader.com/report/green-marketing-what-works-what-doesnt-a-marketing-study-of-practitioners>

³ Ibid.

⁴ Banikarim, Maryam; *Seeing Shades in Green Consumers*, April 19, 2010

http://www.adweek.com/aw/content_display/community/columns/other-columns/e3133e34f97cdebee3ef24db33271b96735?imw=1

⁵ Ibid.

⁶ GreenBiz Staff; *Four Challenges and Four Solutions for Green Marketing*, October 15, 2009

<http://www.greenbiz.com/news/2009/10/15/four-challenges-four-solutions-green-marketing#ixzz0lqUEcLz8>

⁷ Ibid.

⁸ Waters, Jennifer; *Energy Star program is under fire*; April 1, 2010, 12:21

<http://www.marketwatch.com/story/energy-star-program-is-under-fire-2010-04-01>