Making Environmental Claims - Are you bamboozling your customers?

July 15th, 2016

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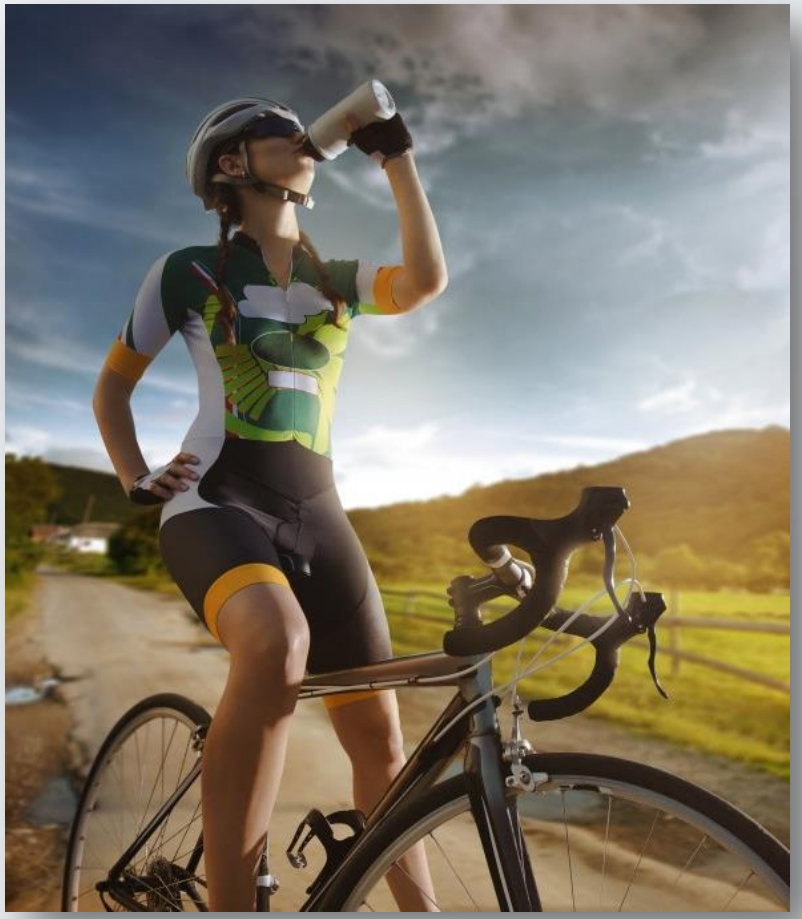
The Purpose of this Workshop

- Get suggested **solutions** on how to avoid taking the risk of misleading communication
- Get an **update** on relevant environmental communication guidelines
- Learn how to protect your **reputation** and avoid **unnecessary costs**



Today‘s Agenda

- Are you bamboozling your customers? -20 min
  - Making Environmental Claims
  - Ignoring Communication Guidelines is expensive
  - The different Environmental Marketing Communication Guidelines
  - Guidance on how to make Effective and Accurate Environmental Claims
- Group work -15 min
- Report back and discussion -10 min
- Wrapping up

Are you bamboozling your customers?

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Making Environmental Claims

Why is it important to be accurate and precise?

- Responsibility for your products
- Accurate claims
- Your customers care – don’t disappoint them
- It’s expensive not to follow available communication guidelines

Ignoring Communication Guidelines is expensive

Bed, Bath & Beyond, JC Penney and Nordstrom

- In 2015, Bed, Bath & Beyond, JC Penney and Nordstrom were **fined** by the US Federal Trade Commission (FTC)
- Accusations made of **mislabeling** and **advertising** rayon textiles as “bamboo”
- **Violating** the Textile Act and the Textile Rules
- Fines totaling 1.3$ million
- Changing the labels to **“Rayon from Bamboo”**

Ignoring Communication Guidelines is expensive

Amazon, Macy's, Leon Max and Sears

- Amazon, Macy's, Leon Max and Sears **accused of "bamboozling"** their customers in 2013
- Fined with **1.26$ million**
- Products marketed under names such as **"ecoKashmere", "Bamboo Comfort"** and **"BambooBaby"**
- The FTC sent **warning letters in** 2010 to 78 companies including Wal-Mart and Target

Communication guidelines - Overview

- **EU Directive on Unfair Commercial practices**
- **ISO 14020:2000 – Environmental labels and Declarations - General Principles**
  - ISO 14021:2016 Self declared environmental claims (Type II)
  - ISO 14024:1999 Environmental labeling – Principles and procedures (Type I)
  - ISO 14025:2006 Environmental declarations – Principles and procedures (Type III)
- **US Federal Trade Commission**
  - Guides for the Use of Making Environmental claims
  - FTC Textile Fiber Identification Act
  - FTC Textile Fiber Rule

[You can find all references here]

ISO 14020:2000 Series - Standard for the Global Market

- **ISO 14020:2000 – Environmental labels and declarations**
- **ISO 14021:2016 Self declared environmental claims (Type II)**
- **ISO 14024:1999 Environmental labelling – Principles and procedures (Type I)**
- **ISO 14025:2006 Environmental declarations – Principles and procedures (Type III)**

FTC Guides for the Use of Making Environmental Claims

FTC Guides for the Use of Making Environmental Claims

- Use **clear** and **qualifying** language ; referring to **specific** and **limited environmental benefits**
- Apply to claims about **environmental attributes** of a product, package, or service
- **Making environmental claims -** which form?
- Provide **general principles**, **specific guidance** and **examples**

FTC Textile Fibre Identification Act

- How to disclose specific fibre count in products, labelling, invoicing and advertising

FTC Textile Fibre Rule

- Sets mandatory requirements for the generic names and percentages of all fibres contained in the product

The EU Directive

The EU Directive on Unfair Commercial Practices

- Purpose to regulate misleading advertising and other unfair practices in business-to-consumer transactions
- as well as providing consumer protection
- Ensures consumers are not misled or exposed to aggressive marketing and enables them to make informed choices

How to make effective and accurate environmental claims

Part 1 – Important aspects

- Provide reasonable basis for the claims
- Provide **quantitative** and **qualitative** evidence
- Ensure clearly **defined**, properly **displayed** and **consistent** environmental claims
- Make **distinction between the benefits** of the product, packaging and service of the product
- **Do not overstate** the environmental claims
- Be cautious when making **comparative claims**

Source: FTC Guides for the Use of Environmental Marketing Claims, 2012

How to make effective and accurate environmental claims

Part 2 – General examples

- Labeling a plastic package as **“recyclable”** without any further elaboration.
- If a product is labeled as **“50% more recycled fibers”** and the recycled fibers have been increased from 2% to 3%... Which impression does it leave?
- Claiming a product is **“Eco-friendly”** may leave the impression of far-reaching environmental benefits and no negative environmental impact.
- Advertising a product as **“environmentally preferable”** likely conveys the product as superior to other competitor products.

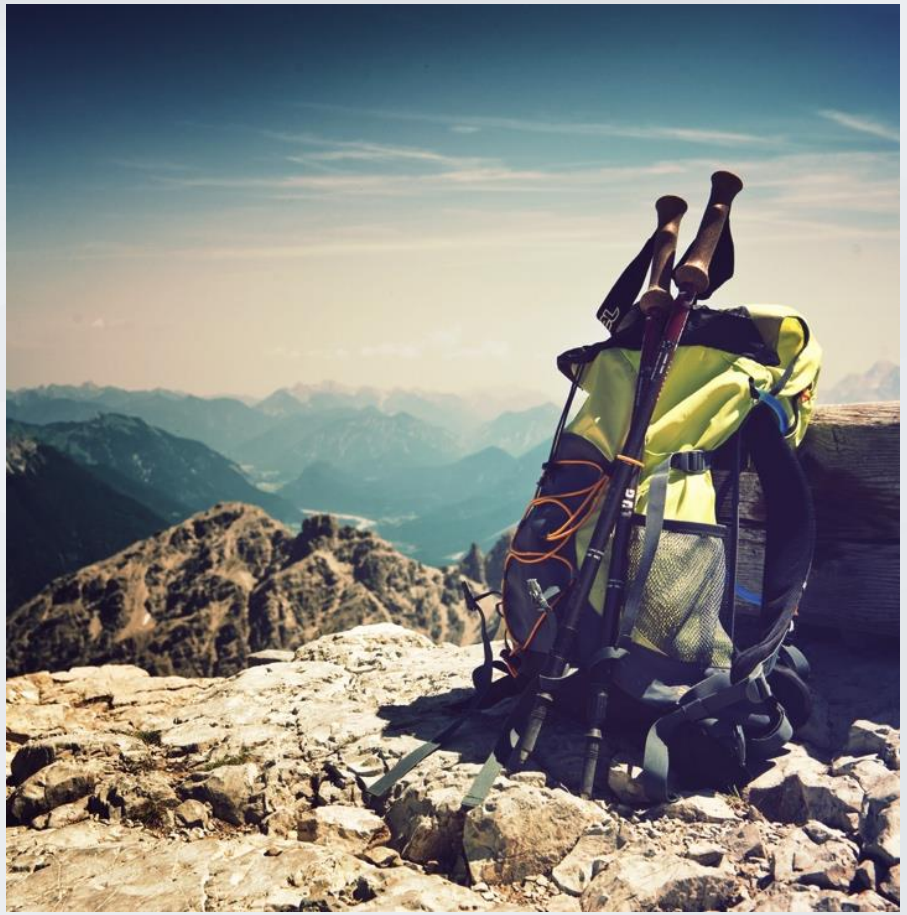
Source FTC Guides for the Use of Environmental Marketing Claims, 2012

How to make effective and accurate environmental claims

Part 3 – Important questions

Ask yourself the right questions:

- Which product claims may provide risk to your company?
- Are you speaking only the truth, based on facts and figures?
- Would a certification add value?
- What can you do to turn your customer value into business value?



Group Work

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Today's Task: One label – different products

- The following examples taken from publicly available information represent **brands' labels** for more **environmentally friendly products**
- Different products require certain criteria to earn the **"green" tag**

Your Task:

- Evaluate & discuss which of the following labels represent **greater risk for misleading the customer, if at all**?
- What's the **main differences** in terms of environmental benefits of these label schemes?

Examples of sustainable product labels

Brand A – Global Retailer

- Labelling criteria required for the product with the highest sustainability credentials:
  - At least 50% independently certified materials such as organic, recycled fabrics or lyocell fabrics
  - Exception recycled cotton: Around 20% of recycled material, due to product quality requirements
- One of the listed criteria must be fulfilled

Examples of sustainable product labels

Brand B – Outdoor Brand

- Labelling criteria required for the most advanced product:
  - A bluesign® product
  - Made of at least 50% recycled materials
  - Made of organic cotton (amount used not indicated)
- One of the listed criteria must be fulfilled

Examples of sustainable product labels

Brand C – Outdoor Brand

- Labelling Criteria required for the environmentally friendly product:
  - Design – durability & reparability
  - Certified and environmentally friendly materials
  - No PTFE membranes, no nanotechnology, no genetically engineered products, no PVC and no fluorocarbon surface treatment
  - Manufacturing sites according to external social/labour standards and environmentally friendly printing methods
  - Use & Care
  - Recycling & Disposal
- All of the listed criteria must be fulfilled

Report back and discussion

Wrapping up

About Leadership & Sustainability

“Sustainable Innovation for Industries, Corporations and Organizations”

We promote

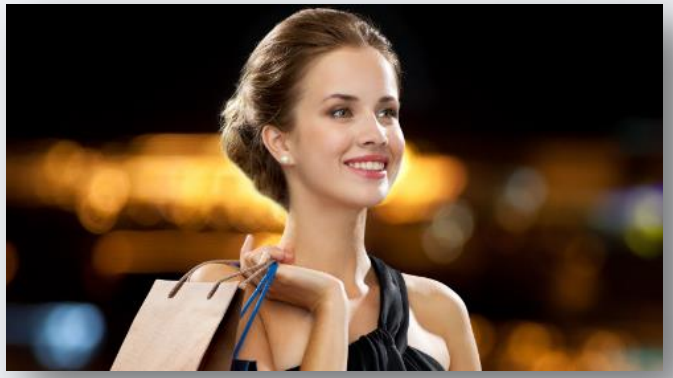
- Sustainability as Corporate Strategy
- Sustainability as Business Model
- Sustainability as Leadership quality

Leadership & Sustainability combines sustainability expertise with leadership capabilities – to support you in becoming a true Leader in Sustainability.

- Our platform of solutions covers Consulting, Empowerment, Sustainable Business Models and Software & Tools.
- Our Expertise, Outreach and Partnerships are global.
- Our mission is transformation and embedding of sustainability into business processes over the entire value chain.

Leadership & Sustainability - Overview of Solutions

Consulting



Sustainable Business Models

Empowerment

Software & Tools

Offer – Making sound environmental claims workshop

- One day workshop
- We work on your communication about sustainability

Deliverables:

- Training on a structured approach to making environmental claims
- More details about regulations and standards
- Ideas on how to frame environmental benefits
- Several company-own examples developed

Price:

- Available upon request

Thank you for joining us today

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