

## **An Audit of FTC Environmental Claims on Packaged Goods**

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Environmental marketing issues have captured the attention of consumers, manufacturers, government regulators, package designers, and marketers. Many industries have rushed to bring to consumers' attention the environmental benefits of their products and packaging. As a result, consumers have been exposed to a variety of unfamiliar and often ambiguous terms. Environmental claims such as biodegradable, compostable, and environmentally safe are becoming relatively common in the marketplace, but are unfamiliar to most consumers. At best, many of these claims have no clear meaning and are subject to interpretation; at worst, they are deceptive or misleading.

In an attempt to level the playing field for both marketers and consumers, the Federal Trade Commission (FTC, 1992) issued environmental marketing guidelines in 1992. This article will describe the FTC Guidelines and a research project designed to assess their impact on environmental claims found on selected packaged goods sold in supermarkets. Implications for educators will also be identified.

### **Previous Research**

Environmental claims present several challenges to marketers and consumers. Marketers must decide whether an environmental claim will be as relevant to consumers as claims about a product's other attributes, such as value or nutrition. Since consumers continue to be skeptical about environmental claims, marketers must assess whether their claim will be credible. Another challenge for marketers is to craft a claim that will not draw the ire of various local, state, and federal regulators and environmental groups.

Consumers also face challenges. Environmental claims often relate to product characteristics with which a consumer has little experience or knowledge. Cude (1993) found that less than one-third of consumers understood the meaning of postconsumer and preconsumer recycled content,<sup>1</sup> two terms that appear regularly on packaging. Even if a consumer understands the meaning of a term, he or she may

not be able to evaluate whether the characteristic is beneficial. For example, the value of biodegradability depends on the type of disposal planned for the item. Environmental claims also refer to the context in which a product is sold and used. The relevance of a recyclability claim depends on access to the appropriate recycling infrastructure.

Despite the complexities of the issue, the use of environmental marketing claims increased from 5.9% of new product introductions to 12.3% in 1991, declining slightly to 11.4% in 1992 (EPA, 1993). In general, environmental claims for all types of products have increased, with the most rapid growth for health and beauty aids and laundry and cleaning products.

Public concern about the environment has grown rapidly in the last several years (Roper, 1991). Consumers are aware of environmental claims, report that those claims sometimes or very often influence their purchasing decisions, and state that they are more likely to buy a product because of an environmental claim than they were three years ago (Chase & Smith, 1992).

Studies also show that many consumers do not understand many terms used in environmental claims and often don't follow through on their intentions to buy products and packaging with reduced environmental impact. Three survey researchers (Abt Associates, 1990; Cude, 1993; Gutfeld, 1991) have confirmed that consumers have only a limited understanding of many terms found in environmental claims. Consumer understanding of terms related to recycled content and recyclability was stronger than for other terms. However, Cude reported that consumers have not learned the industry "lingo" nor have they developed their own vocabularies. Thus, their ability to interpret environmental claims may be fragile and strongly influenced by minor changes in wording or symbols.

### **Federal Trade Commission Environmental Marketing Guidelines**

The FTC's Guides for the Use of Environmental Marketing Claims (FTC, 1992) specifically address the application of Section 5 of the FTC Act to environmental marketing and advertising practices. They are voluntary guidelines and do not have the force or effect of law. However, many expect that most manufacturers will take them seriously (Recycled or recyclable, 1992).

The Guides apply to advertising, labeling, and other forms of marketing to consumers but do not preempt state or local laws or regulations. The Guides outline principles that apply to all environmental claims and address the use of eight commonly-used environmental claims. A summary appears in the appendix.

### **Methods**

Faculty at the University of Illinois and the University of Utah have audited environmental claims on brands in 16 supermarket product categories every six months, beginning September 1992. The 16 product categories are listed in Table 1. Product classes were selected based on their likelihood of making the environmental claims addressed in the FTC Guides; three multicourse frozen entrees, soft drinks in plastic bottles, and fresh milk were chosen because environmental claims were rare when the research began.

Audits are conducted in one high-volume supermarket in each of five locations. Researchers use prepared forms and a common set of procedures to record information on one item for each brand on the shelf in the store for each product category. For example, the instructions for disposable diapers are to record information on the largest package of the smallest diapers for each brand. For each brand, auditors record the presence or absence of explicit or implied environmental claims, verbal content and placement of the claims, use of associated symbols or seals of approval, referent of the claims (product, package), and material to which the claim applied.

### **Results**

Researchers have now completed five audits in each store. Results reported here are for the first and last audit in the Champaign, IL store and may not represent the entire sample.

Table 1 reports for each audit and each product category the number of brands, the number of brands making an environmental claim, and the number of different claims made for that product category. Overall, the data suggest a surprising level of stability in environmental claims between 1992 and 1994. One-hundred percent of the powdered and liquid laundry detergents made claims in both years. The proportion of brands making claims increased in only a

Table 1. Number of Environmental Claims in 16 Product Categories.

Product Category	Number of Observations		Number Making Claims		Number of Different Claims	
	1992	1994	1992	1994	1992	1994
Shaving Cream	8	9	3	3	1	1
Deodorant	11	10	5	3	1	1
Tampons	4	8	2	5	4	3
Laundry Detergents (powdered)	18	21	18	21	12	12
Laundry Detergents (liquid)	18	20	18	20	11	11
Dishwashing Liquid	11	10	10	10	4	4
Fabric Softener Refill	2	5	2	5	1	1
Plastic Kitchen Trash Bags	8	6	5	3	6	2
Toilet Paper	12	15	2	5	2	6
AA Batteries	4	6	3	4	2	3
Disposable Diapers	5	6	1	0	2	0
Juice	41	34	7	14	2	4
Fresh Milk	4	5	0	0	0	0
Coffee Filters	9	8	7	4	4	4
Soft Drinks (in plastic bottles)	15	21	12	20	1	1
Frozen Dinners	10	12	0	1	0	1
Breakfast Cereals	10	14	10	11	2	3

few product categories; for example, five of the eight brands of tampons made claims in 1994 compared to two of the four brands in 1992. The proportion of claims also increased for toilet paper and juice; an environmental claim for a frozen entree was recorded for the first time in 1994. Product categories in which environmental claims were less common in 1994 included deodorant, trash bags, and coffee filters; the one brand of disposable diapers making an environmental claim removed the claim in 1993.

The number of environmental claims per product category ranged from none to 12. No claims were recorded for fresh milk while laundry detergents made numerous and varied environmental claims. All brands in some categories made the same claim (shaving cream, deodorant, and fabric softener refills, for example), while a great diversity of claims was common in several categories including laundry detergents, tampons, and toilet paper. The number of different claims increased from 1992 to 1994 for toilet paper and juice and decreased for plastic kitchen trash bags.

Dominant claims (claims made by 50% or more of the brands making environmental claims) are reported in Table 2. Primary dominant claims included: (a) biodegradable and no phosphates (for detergents); (b) reduced waste (detergents, fabric softener refills, and plastic kitchen trash bags); (c) recycled content (detergents, trash bags, toilet paper, AA batteries, and breakfast cereals); and (d) recyclability (juice and soft drinks). While dominant claims were relatively stable within a product category between 1992 and 1994, some shifts were observed. Recycled content claims were somewhat more common in laundry detergents in 1994 than in 1992; trash bags were more likely to claim thinner plastic and thus reduced waste; trash bags and toilet paper were more likely to claim recycled content in 1994 than in 1992.

### Implications for Consumer Educators

Consumer educators may include the study of environmental claims several places within the curriculum. This topic could be incorporated as a separate unit or in units related to advertising, regulation, product differentiation, and/or consumer information.

The evolving nature of environmental claims suggests that experiences in the marketplace are important for effective learning. Students could go on a field trip to a supermarket or independently

Table 2. Dominant Environmental Claims by Product Category.

Product Category	1992	1994
Shaving Cream	No CFCs	No CFCs
Deodorant	No CFCs	No CFCs
Tampons		
Laundry Detergent (powdered)	Biodegradable; No phosphates Reduced packaging	Biodegradable; No phosphates Reduced packaging; Recycled paper/scoop
Laundry Detergent (liquid)	Biodegradable; No phosphates	Biodegradable; No phosphates Recycled plastic
Dishwashing Liquid	Biodegradable; No phosphates	Biodegradable; No phosphates
Fabric Softener Refill	Reduced packaging	Reduced packaging
Plastic Kitchen Trash Bags		Thinner plastic/less waste; Recycled plastic
Toilet Paper	Environmental commitment	Environmental commitment;
AA Batteries	Mercury/cadmium free Recycled packaging	Recycled paper Mercury free Recycled packaging
Disposable Diapers	Recyclable	No claims Recyclable
Juice	No claims	No claims
Fresh Milk	Unbleached/no chemicals	Unbleached; Recycled packaging
Coffee Filters	Environmentally friendly	Environmentally friendly
Soft Drinks	Recyclable	Recyclable
Frozen Entrees	No claims	Reduced packaging
Breakfast Cereals	Recycled paperboard	Recycled paperboard

visit a store to look for examples. Or they could check products available in their home, perhaps working with other family members. The teacher and/or students could bring products and packaging to the classroom and discuss the products in small groups or as a panel of experts representing different perspectives. Questions about product packages that would generate relevant discussion would include:

1. Do pictures or symbols that suggest the product or package has an environmental benefit?
2. Does the brand name suggest an environmental benefit?
3. Are there any general statements about the environment? If so, what do they mean?
4. Are there any specific claims about environmental benefits? What do they mean? Do you believe them? Look for claims related to recycled content, recyclability, composting, degradability, ozone (CFCs), source reduction, and refilling.

The topic is also appropriate for any age learner. Seasoned shoppers have relatively little expertise with environmental claims.

### References

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### Teacher Resource

Environmental Protection Agency. (1992). "Green advertising claims." Brochure available from the Consumer Information Center (Pueblo, CO 81009), the FTC (Washington, DC 20580), or the EPA (Washington, DC 20460).

### Endnotes

1. Preconsumer recycled content is collected from manufacturing or distribution. Postconsumer recycled content is collected after consumer use.

### Appendix

#### *General Principles*

1. Qualifications and disclosures should be sufficiently clear and prominent to prevent deception.
2. An environmental marketing claim should make clear whether it refers to the product, package, or both. A claim need not be qualified if an incidental part (such as a bottle cap) is not recyclable while the bottle is.
3. An environmental marketing claim should not overstate the environmental attribute or benefit. For example, labeling a trash bag intended for the landfill as degradable is deceptive because it conveys a benefit when none exists.
4. Environmental marketing claims that include a comparison should make the basis for comparison clear.

#### *Environmental Marketing Claims Guidelines*

1. It is deceptive to misrepresent that a product or package offers a general environmental benefit. Examples of general claims likely to be considered deceptive include a brand name like "Eco-Safe,"

a package labeled "environmentally friendly," and a pump spray product that contains chemicals contributing to smog but is labeled "environmentally safe."

2. It is deceptive to misrepresent that a product or package is degradable, biodegradable, or photodegradable. Claims should be substantiated with scientific evidence that the entire product or package will completely break down and return to nature.
3. It is deceptive to misrepresent that a product or package is compostable. Claims should be qualified if municipal composting facilities are not available, the claim misleads consumers about the environmental benefits if the product is not composted, or the claim misleads consumers to believe the package can be safely composted at home when it cannot.
4. It is deceptive to misrepresent that a product or package is recyclable. Claims should be qualified to avoid deception about availability of recycling programs and collection sites. The FTC suggests qualifications such as "Check to see if recycling facilities exist in your area" or stating the approximate percentage of communities or the population to whom the programs are available.
5. A recycled content claim may be made only for materials that have been recovered or otherwise diverted from the solid waste stream, either during the manufacturing process (pre-consumer) or after consumer use (post-consumer).
6. It is deceptive to misrepresent that a product or package has been reduced or is lower in weight, volume, or toxicity.
7. It is deceptive to misrepresent that a package is refillable. The Guides describe as deceptive a claim about a refillable container for which the manufacturer has no collection program. A claim that a bottle is a "handy refillable container," is not deceptive when one can buy a larger container from which to refill the smaller container.
8. It is deceptive to misrepresent that a product is safe for or "friendly" to the ozone layer if the product contains an ozone-depleting substance.

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