



April 11, 2008

Re: Green Packaging Workshop – Comment, Project No.P084200

To Whom it May Concern:

Cone LLC appreciates the opportunity to file information regarding the FTC's Guides for the Use of Environmental Marketing Claims. Cone is a strategy and communications firm that helps companies navigate social and environmental issues in connection with their operations and products. We counsel clients about the need for credible, transparent and informative environmental communications in order to build trusted relationships with customers, employees, the public and other key audiences.

For 15 years Cone has conducted research to understand how consumer and employee behavior is affected when companies link to social and environmental issues. Recently, Cone partnered with The Boston College Center for Corporate Citizenship to field a nationally representative opinion survey on consumers' understanding of and attitudes toward corporate environmental marketing claims. We also asked about their interest in third party oversight of such claims.

The findings of the 2008 Green Gap Survey (please see attached press release and key findings) demonstrate a disconnect between the environmental marketing messages Americans hear and what they believe these messages mean. We believe this gap creates a risk of consumer disappointment or disaffection that could lead to cynicism about their ability to impact environmental change.

The Commission may be also interested in our survey's finding that a significant majority of the public would welcome third-party oversight, including government regulation, to ensure accuracy in environmental marketing. To us, the combination of a gap in understanding what environmental marketing messages actually mean, alongside support for oversight, can be seen as a call to action for the Federal Trade Commission.

An additional finding relevant to the green packaging workshop is that nearly half of Americans (45%) would seek more information on a product's package to determine the credibility of an environmental message. Respondents also stated that a clear connection between the product and the environmental issue, quantifiable environmental impacts and third party certifications are all highly influential in their decisions to purchase products with environmental benefits. These factors may have future implications for product packaging.

Thank you for the opportunity to submit these findings for review and consideration as you address revisions and updates to the "Green Guides." We believe yours is an important effort that can provide a framework for the type of strategic counsel we offer to our clients every day. Should you have any questions regarding this research, please do not hesitate to contact me.

Respectfully,

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FOR IMMEDIATE RELEASE

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AMERICANS MISUNDERSTAND ENVIRONMENTAL MARKETING MESSAGES

As federal hearing nears, new survey shows consumers want oversight by government, third parties

BOSTON (April 15, 2008) – Americans misunderstand key phrases commonly used in environmental marketing and advertising, giving products a greater environmental halo than they deserve and creating a growing risk of backlash. At the same time, with days until a U.S. Federal Trade Commission public hearing on the subject, a majority of Americans support government regulation of such messages.

These are among the findings of the 2008 Green Gap Survey, conducted by Cone LLC and The Boston College Center for Corporate Citizenship.

A Green Gap

According to the survey, almost four in 10 (39%) Americans are preferentially buying products they believe to be “environmentally friendly.” At the same time, almost half (48%) of the population erroneously believes a product marketed as “green” or “environmentally friendly” has a positive (i.e., beneficial) impact on the environment. Only 22 percent understand these terms more accurately describe products with less negative environmental impact than previous versions or competing products.

The survey clearly shows that Americans do not realize this green gap exists:

- 47 percent trust companies to tell them the truth in environmental messaging
- 45 percent believe companies are accurately communicating information about their impact on the environment
- 61 percent of Americans say they understand the environmental terms companies use in their advertising

“The gap creates significant risk of embarrassment for companies and disillusionment for consumers,” says Mike Lawrence, executive vice president of corporate responsibility, Cone LLC. “Activists are closely monitoring green claims and can quickly share information online about the actual environmental impact of a product. The result can be accusations that a company is engaging in ‘greenwashing’ and is misleading the public.”

Americans Want Oversight

Despite not recognizing the existing green gap, more than half of Americans (59%) support a move by the government to ensure the accuracy of environmental messaging by regulating it. On April 30, the FTC will hold a workshop in Washington D.C. as part of the agency’s regulatory review of the “Guides for the Use of Environmental Marketing Claims,” commonly known as the Green Guides.

In addition to government, Americans believe other entities can play an important oversight role to ensure accuracy in environmental messaging:

- Certification by third-party organizations – 80%
- Review and reporting by watchdog groups, news media, bloggers, etc. – 78%
- Regulation by government – 76%
- Self-policing by industry or business groups – 75%

“The fact that Americans are so primed to trust companies may suggest the lack of control they feel around complex environmental issues, so it is not surprising that they also seek a third-party gatekeeper to help ensure the messages they see and hear are accurate,” says Bradley Googins executive director of The Boston College Center for Corporate Citizenship. “The motto really could be ‘trust, but verify.’ Maintaining the trust of consumers needs to be a top priority for companies.”

Five Guidelines for Effective Environmental Marketing

People are listening to, interested in and positively affected by environmental messaging. Fully 38 percent say they feel informed by such messaging and another 11 percent feel empowered or inspired to act. Only 14 percent of the population says environmental messaging makes them either feel cynical or overwhelmed.

Cone LLC and The Boston College Center for Corporate Citizenship believe the research suggests several strategies companies should use to effectively and credibly communicate about how their products or services impact the environment:

Be precise. *Make specific claims that provide quantitative impacts.*

- 70 percent of Americans say quantifying the actual environmental impact of a product or service is influential in their purchasing decisions. In addition, the more precise an environmental claim, the more convincing Americans believe it to be. For example, 36 percent found the message “environmentally friendly” credible when used to describe a paper product, but 60 percent found the message “made with 80% post-consumer recycled paper” credible.

Be relevant. *Demonstrate a clear connection between the product or service and the environment.*

- 74 percent of Americans say providing a clear connection between the product/service and the environmental issue (i.e., a hybrid car and lower emissions) influences their purchasing decisions.

Be a resource. *Provide additional information for consumers in a place where they want it.*

- Americans say they are most likely to seek information online via a company’s Web site (54%), a third-party Web site (51%), a search engine (48%) or via product packaging (45%).

Be consistent. *Don’t let marketing images send a signal that contradicts the carefully chosen words and facts you use. For example, showing an automobile parked in a virgin forest may be seen as insensitive, while a product growing out of a tree may be seen as exaggeration.*

Be realistic. *There are always more environmental improvements that can be made to a product or service, and they are but one piece of a much larger environmental journey for society. Communications that include some sense of context, as well as a “work in progress” tone, will be more credible and less subject to criticism.*

About the survey:

The 2008 Green Gap Survey presents the findings of an online survey conducted February 21-22, 2008 by Opinion Research Corporation among 1,080 adults comprising 520 men and 560 women 18 years of age and older. The margin of error associated with a sample of this size is +/- 3%.

About Cone:

Cone LLC (www.coneinc.com) is a strategy and communications agency engaged in building brand trust. Cone creates stakeholder loyalty and long-term relationships through the development and execution of Cause BrandingSM, Brand Marketing, Corporate Responsibility, and Crisis Prevention and Management initiatives. Cone is a member of the Omnicom Group.

About The Boston College Center for Corporate Citizenship:

For 20 years The Boston College Center for Corporate Citizenship (www.bccccc.net) has provided research, executive education and convenings on corporate citizenship topics. The center works with global corporations to help them define, plan and operationalize their corporate citizenship. The center functions as an educational institution, a think tank and an informational research center—all in one place. The center's goal is to help business leverage its social, economic and human assets to ensure both its success and a more just and sustainable world.

For a copy of the complete fact sheet, please contact Sarah Kerkian at Cone (skerkian@coneinc.com).

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2008 GREEN GAP SURVEY FACT SHEET

CONSUMPTION

Americans' personal behavior as it relates to the impact of their consumption on the environment:

I am concerned about the impact of my consumption on the environment and am consuming less	20%
I am concerned, and while I'm not consuming less, I am consuming products that are more environmentally friendly	39%
I am concerned, but I'm not consuming less or changing my buying habits	25%
I am not concerned about the impact of my consumption on the environment	16%

When Americans see a product advertised as “green” or “environmentally friendly,” they believe it means:

The product has a positive [i.e., beneficial] impact on the environment	48%
The product has a lighter impact than other similar products	18%
The product has a neutral impact on the environment	14%
I don't know what it means	10%
I don't believe it means anything	7%
The product has a negative impact, but less than it used to	4%

Americans consider the environmental impacts of their purchasing:

Every time they shop	9%
Regularly	21%
Sometimes	36%
Rarely	20%
Never	15%

Americans consider the environmental impact of either making purchases or supporting companies in each of the following industries:

Automotive and transportation	71%
Food and beverage	62%
Electronics and household appliances	61%
Health and beauty	54%
Household goods and furniture	53%
Retail stores	50%
Footwear and apparel	42%
Sports and entertainment	37%
Financial services (e.g., banking, insurance, investing)	32%

Americans indicate the following factors are influential in their decisions to purchase a product or service that has an environmental benefit:

It has a direct benefit to me (e.g., save money or time)	82%
There is a clear connection between the product/service and the environmental issue (i.e., a hybrid car and lower emissions)	74%
It quantifies the actual environmental impact	70%
The company has a history of strong environmental commitment	68%
The company will take action to lessen my personal environmental impact	64%
My friends or family recommended it	63%
It is endorsed with third-party certification (i.e., Certified Organic, FSC, Energy Star)	63%
It provides me with an opportunity to get involved	56%
It has been covered in the media	48%
A celebrity I respect is supporting the initiative	31%

COMMUNICATIONS

Americans' beliefs about environmental messaging by companies:

Companies must not only say a product or service is good for the environment, they need to prove it	90%
Companies that communicate about the environment are just trying to sell more products and services	73%
Companies that communicate about the environment make me want to buy products from them	65%
I understand the environmental terms companies use in their advertising	61%
I am overwhelmed by the amount of environmental messages I hear and see	52%
I trust companies to tell me the truth	47%
I believe companies are accurately communicating information about their impact on the environment	45%

The following are environmental messages companies may use to communicate about their products and services in three different industries. For each, respondents indicated what they would think about the message if they saw it while shopping.

	Credible	Misleading	Need Additional Information	I Don't Know What the Message Means
Food (e.g., FRUIT)				
"All natural"	27%	31%	35%	8%
"Sustainably grown without pesticides and herbicides"	45%	14%	33%	9%
"Fair Trade Certified"	19%	16%	36%	29%
Paper Products (e.g., PAPER TOWELS)				
"Environmentally friendly"	36%	19%	37%	9%
"Contains recycled content"	47%	15%	31%	8%
"Made with 80% post-consumer recycled paper"	60%	9%	21%	9%
Automotive (e.g., CARS)				
"Environmentally friendly"	29%	20%	42%	9%
"Most fuel efficient vehicle in its class"	27%	24%	41%	8%
"Hybrid electric: 30% more efficient than gas"	44%	14%	35%	8%

-Continued-

When seeking additional information to determine whether an environmental message is credible, Americans will seek it via:

Company Web site	54%
Environmental organization or other third-party Web site	51%
Search engine	48%
Product package	45%
Television	18%
1-800 number	16%
Blogs or message boards	14%
In-store advertising	13%
Salespeople	10%

Many companies and organizations are educating people about their environmental practices and impacts. When hearing these messages, Americans feel:

Informed/Educated	38%
Unaffected/Neutral/Disengaged	18%
None of these	18%
Empowered/Inspired to act	11%
Confused/Overwhelmed	8%
Cynical/Resentful	6%

REGULATION

Americans believe the government needs to regulate environmental messaging by companies to ensure it is accurate:

Yes	59%
No	18%
I don't know	23%

Americans indicate the following are important in providing oversight to ensure environmental messaging by companies is accurate:

Certification by third-party organizations	80%
Review and reporting by watchdog groups, news media, bloggers, etc.	78%
Regulation by the government	76%
Self-policing by industry or business groups	75%

For additional information about the survey, please contact Sarah Kerkian at Cone LLC (skerkian@coneinc.com).

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