



Green Marketing: Think Before You Act

A Primer for Businesses Ready to Share Their Sustainability Story

Businesses invest a lot of time and money in sustainability efforts. Some do this because it is the “right thing to do” while others do it to increase profits. Regardless of their particular motivations, businesses often want to be recognized for their sustainability efforts. Green marketing is the process of communicating these efforts; it plays a pivotal role in helping businesses achieve public recognition. This paper provides a brief background on green marketing and the associated risks of greenwashing. Next, it describes the important role of standards and certifications in green marketing, and offers an analytical framework to help businesses choose among them. Standards and certifications are important, but they are just one green marketing tool. It can be challenging to determine which tools are most appropriate for which companies. Thus, this paper considers, as a high level overview, how to position a company to use the larger array of green marketing tools. The discussion of positioning lays the groundwork for a proposed analytical framework to use when approaching green marketing communications; this is intended to help companies minimize the risk of greenwashing. Lastly, this paper presents a brief discussion of some of the less obvious challenges posed by green marketing communications, such as certain risks of disclosure. These challenges should be considered as “food for thought” rather than insurmountable obstacles.

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Executive Summary

Green marketing (the marketing of an organization, product, or service based on environmental attributes) can be an important component of company sustainability strategies and general business operations. However, if they are not designed properly, a company's sustainability efforts and green marketing campaigns might be tainted by greenwashing allegations. Greenwashing claims are largely due to misleading or deceptive green marketing and can have several negative impacts that could include damaging reputation, relationships and, organizational behavior while also violating laws and regulations.

Companies engaged in green marketing should structure their efforts to minimize greenwashing risks. Some companies will do this by selecting various standards and certifications and complying with their requirements. For consumers, these standards and certifications often evidence objectivity and predictability. For the company itself, standards and certifications offer a framework to measure their sustainability efforts, guidelines toward improvement, methodology and a mechanism to communicate sustainability efforts. Companies selecting a standard or certification as part of green marketing efforts or a sustainability strategy should evaluate their choices based on credibility, applicability, and feasibility.

Regardless of whether a company uses a sustainability standard or certification, it will benefit from self-evaluation before engaging in green marketing. This self-evaluation should involve an analysis of a company's sustainability policies, programs and performance, other internal sustainability characteristics, and external sustainability influences. A company can then identify itself as an industry-leader, industry-competent, or industry-basic company. Following this self-evaluation, a company will also be able to position itself to use the most effective and least risky array of green marketing implementation tools. These tools range from standards and certifications to traditional media and social media. Companies that prudently plan, intelligently position themselves, and carefully select green marketing tools will be able to implement more effective green marketing, with less risk of greenwashing.

Introduction

According to the Environmental Protection Agency, sustainability is, "policies and strategies that meet society's present needs without compromising the ability of future generations to meet their own needs." (United States Environmental Protection Agency, 2011) The social, environmental, and economic benefits of a "sustainable" approach to business have been well-documented; increasingly, these play an important role in influencing business decisions. (Senge, 2008) Executives have

recognized that sustainability is now a mainstream business concept. As such, it frequently finds a place in company business models and it plays a role in shaping their larger business strategies. Often, the effective communication of sustainability efforts via “green marketing” is a cornerstone of these strategies. Green marketing is the bridge between an organization’s sustainability efforts and its suppliers, customers, and consumers; it is also an important means of improving relations with non-governmental organizations and regulatory bodies. Green marketing can be a valuable business tool, but like many tools, it may require adjustments to best fit a given situation. In order to make these adjustments, one must first understand more about what green marketing really is and what risks it might entail.

Defining Green Marketing and Taking Its Pulse

The American Marketing Association defines green marketing as, “the marketing of products that are presumed to be environmentally safe.” (American Marketing Association, 2011) Dr. Aseem Prakash, the Walker Family Professor for the College of Arts and Sciences at the University of Washington at Seattle, defines green marketing as, “the strategies to promote products by employing environmental claims either about their attributes or about the systems, policies, and processes of the firms that manufacture or sell them.” (Prakash, 2002, p. 285) For the purposes of this

paper, the exact definition is not critical, as it is clear that green marketing involves some sort of environmental claim being made in connection with a product or service. Usually, it is easy to recognize the influence of green marketing.

The purpose of green marketing has evolved over time. Originally, it was largely associated with a consumer-oriented focus on the environmental aspects of a product. (Ellis, 2011) However, now green marketing is increasingly being used by businesses to influence other businesses. In situations in which influencing consumers directly is still the goal, the primary emphasis is on the tangible, personal benefits for consumers with a secondary emphasis on the environmental benefits. (Ellis, 2011)

This evolution recognizes that the “dark green” consumer segment, which bases purchasing decisions primarily on green buying factors, is much smaller than the “light green” consumer segment. For light green consumers, the environmental features of a product are a less significant buying factor and simply serve as “nice to have” or may not be directly related to the purchasing decision at all. (Makower, 2011) This explains why, in the words of Brian Walker, the CEO of Herman Miller, “we are not all wearing environmentally-friendly hemp shirts.” (Walker, 2008) It also explains why some major manufacturers are pulling back on producing or advertising green-for-the-sake-of-green products. (Clifford & Martin, 2011, p. 2)

Joel Makower, a respected environmental practices strategist and green marketing expert, makes the argument that, except for niche companies with green business plans (e.g., Seventh Generation), business-to-consumer green marketing has failed to accomplish the intended business, environmental, and social goals. (Makower, 2011) However, other authorities disagree: two great examples are *“Green Marketing and the Death of Curmudgeonly Contrariness”* by Shelton (2011) and *“The Sins of Greenwashing Home and Family Edition 2010: A Report On Environmental Claims Made In The North American Consumer Market”* by Terrachoice (2010, pp. 15-16).

Terrachoice noted that green product offerings continue to show exceptional growth rates, which implies that green marketing is effective. Some companies have found something of a middle ground, where they have replaced or supplemented “in your face” business-to-consumer marketing with efforts to increase sustainability transparency, using firm websites and third party reporting services such as the Carbon Disclosure Project’s Leadership Indices for 2010. (Carbon Disclosure Project, 2010)

On the other hand, business-to-business green marketing is alive and well, driven by the sustainability efforts of multibillion-dollar purchasing companies and channel partners. Two examples of this include the Global Responsibility Report for Walmart

(Walmart Stores, Inc., 2011) and Target’s sustainability commitments. (Target Corporation, 2011) Unlike individual consumers, these businesses possess substantial buying power and are often more open to change because they are less driven by “sticky” psychological brand attractions to less environmentally-friendly brands. (Makower, 2011) When these giants undertake sustainability initiatives, even their more reluctant suppliers must get with the program or risk being replaced in future purchasing orders. As formal or informal sustainability requirements permeate the value chain, green marketing becomes mandatory.

There may be some ambiguity as to the effectiveness of traditional business-to-consumer green marketing, but it is clear that often some incarnation of green marketing will play a role in a company’s marketing strategy. It is also clear that business-to-business green marketing is becoming an important focus for green marketing efforts. However, before a company rushes to implement any sort of green marketing, it should position itself to avoid potentially disastrous greenwashing dangers.

Greenwashing: A Four Letter Word in Disguise

“Greenwashing” is not a term that any company should want to be associated with its brand. Unfortunately, greenwashing allegations can plague the green marketing efforts of both the best and the worst of companies. Many

executives would be shocked by the scope of some generally accepted

greenwashing definitions.

The Seven Sins of Greenwashing

1. **Sin of the Hidden Trade-off:** committed by suggesting a product is “green” based on an unreasonably narrow set of attributes without attention to other important environmental issues. Paper, for example, is not necessarily environmentally-preferable just because it comes from a sustainably-harvested forest. Other important environmental issues in the paper-making process, including energy, greenhouse gas emissions, and water and air pollution, may be equally or more significant.
2. **Sin of No Proof:** committed by an environmental claim that cannot be substantiated by easily accessible supporting information or by a reliable third-party certification. Common examples are tissue products that claim various percentages of post-consumer recycled content without providing any evidence.
3. **Sin of Vagueness:** committed by every claim that is so poorly defined or broad that its real meaning is likely to be misunderstood by the consumer. “All-natural” is an example. Arsenic, uranium, mercury, and formaldehyde are all naturally occurring, and poisonous. “All natural” isn’t necessarily “green.”
4. **Sin of Irrelevance:** committed by making an environmental claim that may be truthful but is unimportant or unhelpful for consumers seeking environmentally preferable products. “CFC-free” is a common example, since it is a frequent claim despite the fact that CFCs are banned by law.
5. **Sin of Lesser of Two Evils:** committed by claims that may be true within the product category, but risk distracting the consumer from the greater environmental impacts of the category as a whole. Organic cigarettes might be an example of this category, as might be fuel-efficient sport-utility vehicles.
6. **Sin of Fibbing:** this least frequent sin is committed by making environmental claims that are simply false. The most common examples are products that falsely claim to be Energy Star certified or registered.
7. **Sin of Worshiping False Labels:** committed by a product that, through either words or images, gives the impression of third-party endorsement where no such endorsement actually exists; fake labels, in other words.

(Terrachoice, 2010)

According to Terrachoice, a leading advocate of accuracy and integrity in green marketing, greenwashing is, “the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service.” (Terrachoice, 2007, p. 1) So what constitutes a “misleading” act? To help companies and customers make this determination, Terrachoice created its “seven sins” framework, which can be used to evaluate company claims and products. (Terrachoice, 2010, p. 10)

Companies considering green marketing campaigns should note that typically most companies do not intentionally commit most of these sins. As a result, companies can be accused of greenwashing even if they did not intend to be deceptive. In fact, the scope of the seven sins is quite broad – clearly deceptive actions are included, such as fibbing and false labels, but also included are less obvious sins involving elements of misleading and omitting critical details.

Using its seven sins framework, TerraChoice studied 5,296 home and consumer care products in the North American consumer market and determined that 95% of “greener” products committed one or more greenwashing sins. The prevalence of different types of sins has also fluctuated over time; the sins of “no proof” and “worshipping false labels” have shown the greatest increases over time. (Terrachoice, 2010, pp. 15-16) The fairness of the scope and severity of some of the seven sins is subject to

debate as Joel Makower discusses in “*The Seven Sins of Greenwashing: Is Everybody Lying?*”. However, the TerraChoice framework still provides companies with a useful starting point for objectively evaluating green marketing claims.

Greenwashing? Not Without Consequences

Greenwashing poses at least three serious issues for companies:

- Reputation and relationship damage
- Compromising organizational behavior
- Violation of laws and regulations

It has been said that a reputation takes a lifetime to build and only seconds to destroy. Greenwashing can quickly result in substantial harm to an organization’s reputation and relationships. (King, 2011) End-user consumers may elect not to purchase the offender’s products and may even boycott the company, as Ethicalconsumer’s list of successful boycotts illustrates. (Ethicalconsumer, 2010) Image-conscious suppliers, retail customers, and other partners may terminate business relationships with the offender, or may impose more stringent requirements on the offender in subsequent negotiations. Environmentalists or Non-Governmental Organizations (NGO) may begin to actively campaign against the offender or reduce its relative sustainability ranking in influential reports available to

the public and investors, such as Ethicalconsumer's live rankings of companies within various product categories, using criteria based on the environment, animals, people, politics and product sustainability.

(Ethicalconsumer, 2011) Companies should bear in mind that powerful green marketing devices, such as the internet and social media, can quickly be turned against a greenwashing offender, as seen in Enviromedia Social Marketing's Greenwashing Index that allows users to rank the level of greenwashing in actual advertisements. For this reason alone, greenwashing can very quickly derail a company's overarching strategic plans.

Greenwashing does not just damage a firm's external reputation and relationships; it also risks compromising a firm's organizational behavior. Human capital is a vital company asset and is often a critical aspect of a company's competitive advantage. For example, Gary Kelly, CEO of Southwest Airlines states, "Our people are our single greatest strength and most enduring long term competitive advantage." (Kelly, 2011) A particularly newsworthy greenwashing incident may affect the ability of a company to hire and retain superior talent, affecting all aspects of the company's business. It could also damage employee morale and reduce motivation, leading to decreased productivity as outlined in *"The Whole Foods Experience Part Two: The Writer Speaks"* (Abramovitch, 2011), which describes allegations made by Whole Foods employees regarding Whole Foods' waste, failure to properly recycle, and other unsavory practices.

Greenwashing hypocrisy may subvert managerial authority, as the company's stated values become misaligned with its actual actions. A pattern of greenwashing incidents could even change the culture of the organization for the worse.

Lastly, some greenwashing incidents may violate various state and federal laws and regulations as well as trade association ethical standards. To get an idea of some of these regulations, see the U.S. Small Business Administration's Green Marketing Regulations. For example, the Federal Trade Commission (FTC) guidelines and rules prohibit unfair and deceptive acts or practices in or affecting commerce; you can read more in the FTC's *"Guides For The Use Of Environmental Marketing Claims, Part 260"*, as well as 15 U.S.C. §45(a), Section 5(a). Laws and regulations can also vary significantly by jurisdiction and change from time to time, which may pose risks for companies that continue doing business as usual. Additionally, if a company is part of a trade association or similar organization, that organization may impose yet another layer of rules and norms related to green marketing and greenwashing. An example of this can be seen in the American Marketing Association's Statement of Ethics.

Compliance with laws and regulations is clearly necessary for successful green marketing, but it is really just the bare minimum. Compliance is not a safe harbor from all greenwashing claims, nor does it mean that a company is successfully communicating its

sustainability efforts. So what more can a company do to minimize the potential for greenwashing while enhancing its green marketing efforts? One way to do this is to identify and comply with appropriate sustainability standards, labels, and certifications. This usually evidences a superior level of transparency and commitment.

Reporting Standards, Certifications and Labels: Useful Green Marketing Tools

Definitions and Benefits

Credible standards, certifications, and labels are powerful green marketing tools. However, there are also a lot of them – recently there were at least 400 ecolabels in 215 countries and 25 industry sectors. (Ecolabelindex, 2011) How should a company determine which of these tools, if any, to use in its green marketing? Clearly, there is still a place in green marketing for traditional marketing analytical frameworks, such as the “4P’s” – Product, Price, Promotion, and Place. These frameworks provide some guidance and suggest that, like traditional marketing campaigns, the best tools to use might vary with the green marketing campaign. In fact, a green marketing project might succeed using one, some, all, or none of the available standards and certifications. An element not typically found in a traditional marketing analysis, greenwashing plays an important role in influencing green marketing choices. Before investing time and money in any standard or

certification, a company should understand what they are and how to choose among them based on their potential benefits and drawbacks.

A sustainability standard is basically a set of norms or requirements. (Sinha, 2010, p. 1) Sustainability standards can address any and all aspects of sustainability, including data collection methods and analysis baselines, emissions targets, and even public reporting requirements. The most prominent guidelines and standards are those that are published by reputable organizations of interested stakeholders and academics. Two of the most prominent sustainability standards include the International Organization for Standardization (ISO) 14000 family of standards and the Global Reporting Initiative (GRI) Guidelines. Sometimes companies will communicate their satisfaction of, or progress towards, these sorts of standards directly to consumers. Other companies might take a less direct path to consumers and business partners, choosing to report their efforts and results through well-known NGO websites, which might assemble thousands of similar sustainability reports. Naturally,

Clearly, there is still a place in green marketing for traditional marketing analytical frameworks, such as the “4P’s” – Product, Price, Promotion, and Place.

because they are standardized, sustainability standards lend themselves to this approach.

Certifications are evidence that a third party has independently verified adherence to certain published requirements. (Sinha, 2010, p. 1) Certifications can be very specific (e.g., confirming a product's low energy consumption) or very broad (e.g., evaluating all sustainability impacts of a product throughout its lifecycle). If a company satisfies the necessary requirements, then a certification can be displayed on its products, often in the form of a recognizable label:



These certification labels allow the company to concisely convey important sustainability information directly to its consumers. Interested consumers can also easily look up the meaning of a certification to help them select a product.

Reputable standards and certifications offer significant benefits to both the businesses themselves and also to consumers.

The benefits to customers include:

- Objectivity: involvement of a third party, reducing the potential for deception

- Predictability: universal claim definitions and substantiation

The benefits to the businesses include:

- A framework to measure and quantify the sustainability aspects of business
- A path or guidelines towards improvement
- Instilling a sense of responsibility and discipline within the organization to improve performance in this important business area
- Providing a mechanism to communicate sustainability efforts and leverage their benefits (Sinha, 2010, p. 1)

Selecting a standard or certification can seem like a daunting task. However, it can be boiled down to evaluating three requirements: (1) credibility; (2) applicability; and (3) feasibility.



Credibility

Not all standards and certifications are created equal. Credibility is an absolute requirement for a sustainability standard or certification for many reasons, not the least of which is that it protects against greenwashing. There are four primary criteria that businesses can use to evaluate credibility:

- Third-party certified (industry trade groups do not count)
- Publicly available standard (easily accessible)
- Transparent, standard development process (all relevant stakeholders had an

opportunity to participate in creating the standard or certification)

- Lifecycle-based (“cradle-to-grave” product/system assessment)

A company should be able to quickly confirm the first three criteria using readily available information, such as organization websites. If this is not the case, then the certification or standard is probably not credible. For example, in a 2010 article Greenpeace identified a National Restaurant Association certification program called “Greener Restaurants” as a greenwashing certification. This was because it lacked credibility for several reasons, including

the fact that the certification was designed by the very members who were to be certified.

Additionally, there was no requirement for independent verification or an audit. It was even possible to obtain the program benefits in as little as 30 seconds!

Lifecycle Assessment

A Lifecycle Assessment (LCA) is a “cradle-to-grave” approach for assessing industrial systems. “Cradle-to-grave” begins with the gathering of raw materials from the earth to create the product and ends at the point when all materials are returned to the earth. An LCA evaluates all stages of a product’s life from the perspective that they are interdependent, meaning that one operation leads to the next.

An LCA enables the estimation of the cumulative environmental impacts resulting from all stages in the product lifecycle, often including impacts not considered in more traditional analyses (e.g., raw material extraction, material transportation, ultimate product disposal, etc.). By including the impacts throughout the product lifecycle, an LCA provides a comprehensive view of the environmental aspects of the product or process and a more accurate picture of the true environmental trade-offs in product and process selection. (SAIC, 2006)

The last criterion, a lifecycle basis, means that the standard or certification requires a holistic evaluation of a company’s actions and the product. This goes far beyond assessment of just a few features.

A credible standard or certification does not necessarily have to include a full lifecycle analysis. However, the “greenest” certifications and standards (such as C2C and Nordic Swan, shown below) generally include a lifecycle

Cradle-to-Cradle (C2C)

William McDonough and Michael Braungart describe the following principles that were incorporated into the lifecycle approach of the C2C certification:

[C2C] recognizes the operating system of the natural world as an unrivaled model for human designs. In essence, natural systems largely operate on the free energy of the sun, which interacts with the geochemistry of the earth’s surface to sustain productive, regenerative biological systems. Human systems designed to operate by the same rules that govern the natural world can approach the effectiveness of the earth’s diverse living systems, in which there is no waste at all.

C2C identifies three key design principles in the intelligence of natural systems, which can inform human design:

1. Waste Equals Food
2. Use Current Solar Income
3. Celebrate Diversity

(McDonough & Braungart, 2003)

assessment. These sorts of certificates evidence the most comprehensive approaches to evaluating sustainability.



Lifecycle certifications and standards may impose the most rigorous requirements, but they also demonstrate the highest levels of commitment to sustainability.

More narrowly focused certifications and standards, which do not include a lifecycle assessment, may be used to certify one aspect of a product, ignoring other aspects that are harmful to the environment.

For this reason, companies that legitimately use lifecycle based standards and certifications in green marketing are generally more environmentally friendly and less susceptible to greenwashing claims.

Lack of Credibility Illustrated

FTC Settlement Ends "Tested Green" Certifications That Were Neither Tested Nor Green

Company Allegedly Charged Up To \$549.95 for Worthless Environmental Labels

The Federal Trade Commission reached an agreement that will put an end to the deceptive tactics of a company that allegedly sold worthless environmental certifications for hundreds of dollars, and falsely told more than 100 customers that its certifications were endorsed by two independent firms – which it actually owned.

"It's really tough for most people to know whether green or environmental claims are credible," said David Vladeck, director of the FTC's Bureau of Consumer Protection. "Legitimate seals and certifications are useful tools that can help consumers choose where to place their trust and how to spend their money. The FTC will continue to weed out deceptive seals and certifications like the one in this case."

According to the FTC, between February 2009 and April 2010, Tested Green and Claeys advertised, marketed, and sold environmental certifications using both the website www.testedgreen.com and mass e-mails to prospective consumers. The company's marketing claimed that Tested Green was the "nation's leading certification program with over 45,000 certifications in the United States."

The FTC complaint alleges, however, that Tested Green never tested any of the companies it provided with environmental certifications, and would "certify" anyone willing pay a fee of either \$189.95 for a "Rapid" certification or \$549.95 for a "Pro" certification. After customers paid, Tested Green gave them its logo and the link to a "certification verification page" that could be used to advertise their "certified" status. The agency charged that the respondents violated the FTC Act by providing the means to deceive consumers.

The FTC also alleges that Tested Green deceived consumers by citing its endorsements from the National Green Business Association and the National Association of Government Contractors – implying that these were independent organizations when, in fact, both are owned and operated by Claeys. (Federal Trade Commission, 2011)

Applicability and Feasibility

Credibility is a vital consideration in choosing a standard or certification, but applicability and feasibility are also essential. Applicability and feasibility require a company to carefully consider the place of a standard or certification in a green marketing plan, and whether it satisfies a related cost-benefit analysis.

If a standard or certification is applicable, then it satisfies the company's green marketing goals relating to:

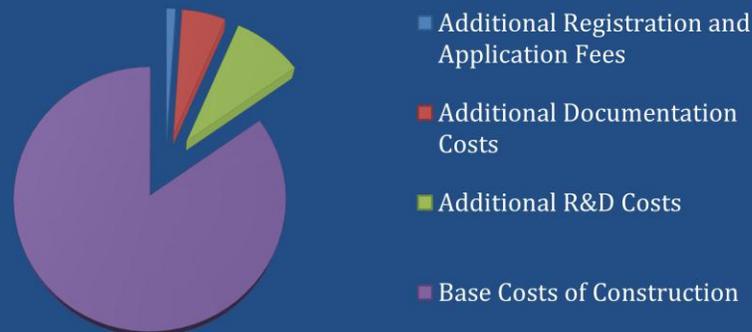
- Product-specific vs. more general in nature
- Limited subset of features or processes vs. a broader range of product inputs or even the entire product lifecycle

- Regional vs. international
- If a standard or certification is feasible, then it will satisfy the company's cost-benefit analysis, which may include:
 - Direct and indirect economic costs of satisfying the standard or certification requirements
 - Time effectiveness
 - Reputation (versus other standards and certifications, from the customer's viewpoint)

It is quite possible that a company's analysis might reveal that there is not a standard or certification that suits its green marketing goals. This is to be expected from time to time because, as discussed below, standards and certifications are just one part of the green marketing toolkit.

Applicability and Feasibility Illustrated

Relative Project Costs for a Hypothetical LEED Project



The LEED certification for commercial buildings is an attractive certification. It can help the green marketing efforts of developers who construct commercial buildings, and it can also serve as a green marketing tool for the building's tenants (in each case, after any necessary permissions are obtained). However, LEED certification can entail a number of additional costs.

BuildingGreen.com has identified some of these costs:

1. **Additional Fees.** Varies by project; roughly 3¢–5¢ per square foot.
2. **Documentation Costs.** These can include out of pocket costs for hiring outside consultants, as well as opportunity costs for occupying internal company personnel. Costs may be reduced over time as personnel move up the learning curve.
3. **R&D Costs.** Relative to non-LEED projects, meeting LEED standards will probably require extra effort. For example, commissioning costs might come in at \$0.50–\$1 per square foot. However, these upfront costs are less offensive when the developer considers the cost of call-backs, fixes, and inefficiencies that are likely to occur in non-LEED projects.
4. **Costs of construction.** Modifying “baseline” projects to add green measures features can increase construction costs. For example:
 - Demand-controlled ventilation adds about \$1/cfm vs. a standard ventilation system;
 - Bike racks add about \$5 per full-time equivalent (FTE) occupant; and
 - Occupancy sensors cost about \$25 per fixture.

Developers studying LEED feasibility will price out various options in order to maximize return on investment and LEED scores. (BuildingGreen, 2010)

Good Green Marketing: Positioning and Implementation Tools are Key

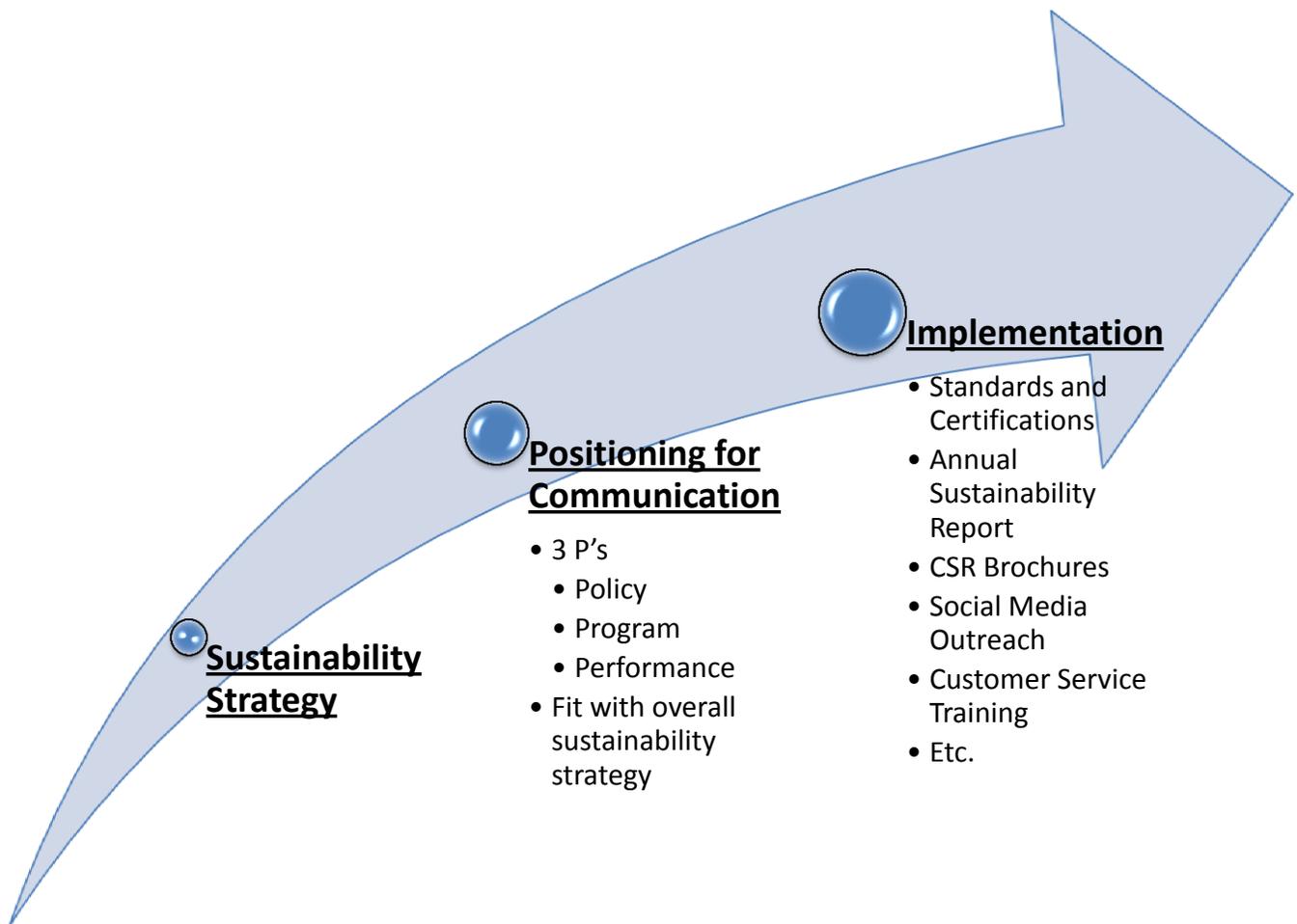
Approaches to green marketing are not “one size fits all.” Companies in different industries, or even in the same industry, may have very different sustainability strategies and green marketing communication efforts. After a company has formulated a sustainability strategy, it must position itself to implement its strategy and select the best tools for the job.

Positioning a Company for Communication of Green Marketing Efforts

If a company wishes to engage in green marketing, then it must be prepared to communicate about its past, present, and future efforts in three important categories:

1. Policy
2. Programs
3. Performance

This is true even if the company only expects to make limited green marketing efforts.



Policy

A company's sustainability policy sets the tone for its sustainability efforts. It explains context and highlights sustainability focus areas. It could be a few statements signed by the CEO, or it could be a more detailed code of conduct and guiding company rules. For example,

Teck Resources, a diversified multibillion dollar mining company, has published an enumerated Code of Sustainable Conduct as well as several other ethical, health, and safety codes.

Programs

Programs are initiatives and activities that bring a company's policy to life.

Teck Resources Code of Sustainable Conduct

To implement our Charter of Corporate Responsibility, we will:

1. Obey the law and conduct business in accordance with our Code of Ethics;
2. Ensure that no discriminatory conduct is permitted in the workplace. Decisions on job selection, advancements and promotions will be unbiased, based on merit and ability, and in keeping with commitments to local communities;
3. Foster open and respectful dialogue with all communities of interest;
4. Respect the rights and recognize the aspirations of people affected by our activities;
5. Support local communities and their sustainability through measures such as development programs, locally sourcing goods and services and employing local people;
6. Continually improve safety, health and environmental policies, management systems and controls and ensure they are fully integrated into each of our activities;
7. Promote a culture of safety and recognize safety as a core value;
8. Continually reinforce company-wide efforts to achieve zero safety or health incidents;
9. Ensure programs that address workplace hazards are applied to monitor and protect worker safety and health;
10. Conduct operations in a sound environmental manner, seeking to continually improve performance;
11. Integrate biodiversity conservation considerations through all stages of business and production activities;
12. Design and operate for closure;
13. Promote the efficient use of energy and material resources in all aspects of our business;
14. Practice product stewardship and promote research to enhance the benefits of our products to society; and
15. Conduct regular audits to ensure compliance with this Code.

(Teck Resources, 2009)

They evidence a company putting its money where its mouth is. Typical programs might include a lighting retrofit to reduce electricity consumption and indirect carbon emissions, an office-wide recycling program, or a multiphase effort to green the supply chain as well as the company's offices. Stephanie Rosenbloom illustrates this in "*Walmart Unveils Plan to Make Supply Chain Greener.*"

Performance

Performance is the data that backs up claims, and tracks progress over time. The proof is in the pudding; sooner or later, data is necessary to confirm a company's sustainability efforts. Detailed sustainability accomplishments can be an important green marketing tool, especially in traditionally "dirty" industries. Examples of this can be seen in Alcoa's description of its efforts to increase the sustainability of its operations, described in its "*Sustainability at a Glance*" report, and in "*Alcoa Named One of Brazil's Most Sustainable Companies.*" (Business Wire, 2011)

Policy, programs, and performance are important parts of any successful sustainability strategy. NGOs and other third parties will expect details. A

company should be prepared to address the entire triad, even if its public green marketing efforts are more limited.

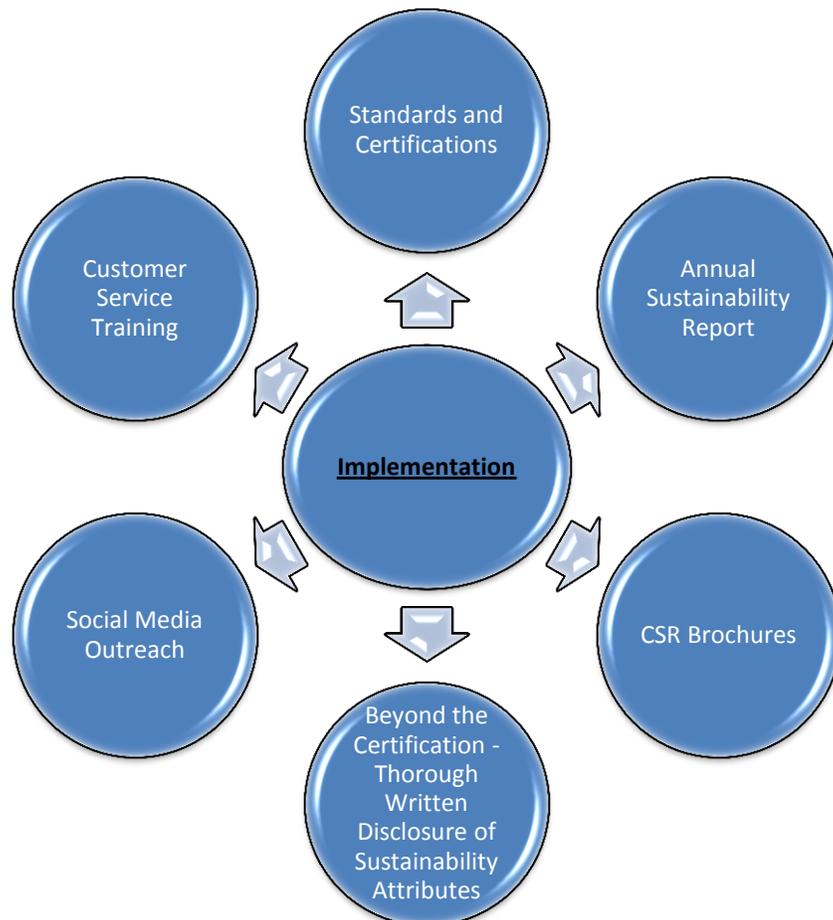
Implementing Green Marketing Communications

There are many different tools available to implement green marketing communications. They range from simple website disclosures to rigorous standards and certifications.

Similar to traditional marketing campaigns, green marketing efforts often involve the integration of multiple customer-facing or stakeholder-facing tools into a comprehensive approach. None of these tools is particularly difficult to use in green marketing communications. Still, it can be challenging to choose among them. The optimal mix of green marketing communications can vary greatly from industry to industry, company to company, and from project to project. For this reason, companies with limited green marketing resources will benefit from a focused approach. This approach begins with an assessment of a company's internal sustainability characteristics and external sustainability influences.

Internal sustainability characteristics are the features of a company that are at least partly under a company's control. They include some familiar faces discussed earlier in this paper, such as the company's sustainability policies, programs and performance. Past, present and future policies, programs, and performance are all relevant internal sustainability characteristics. The weighting that a company gives to these elements is company-specific. However, often a company's present sustainability policies, programs, and performance are the most important for green marketing communications because they evidence what a company is actually doing at the time of the communication. Companies

with a strong or improving track record might use past sustainability policies, programs, and performance to establish a trend or a point of contrast with the present, as the case may be. Future sustainability policies, programs and performance are used to demonstrate an ongoing or growing commitment to sustainability. An emphasis on the future can be especially important for companies that have just started to address sustainability, as well as companies with a checkered environmental record. If a company can demonstrate positive accomplishments and ambitions across the timeline for all three internal sustainability characteristics, then it will be able to implement the most robust and



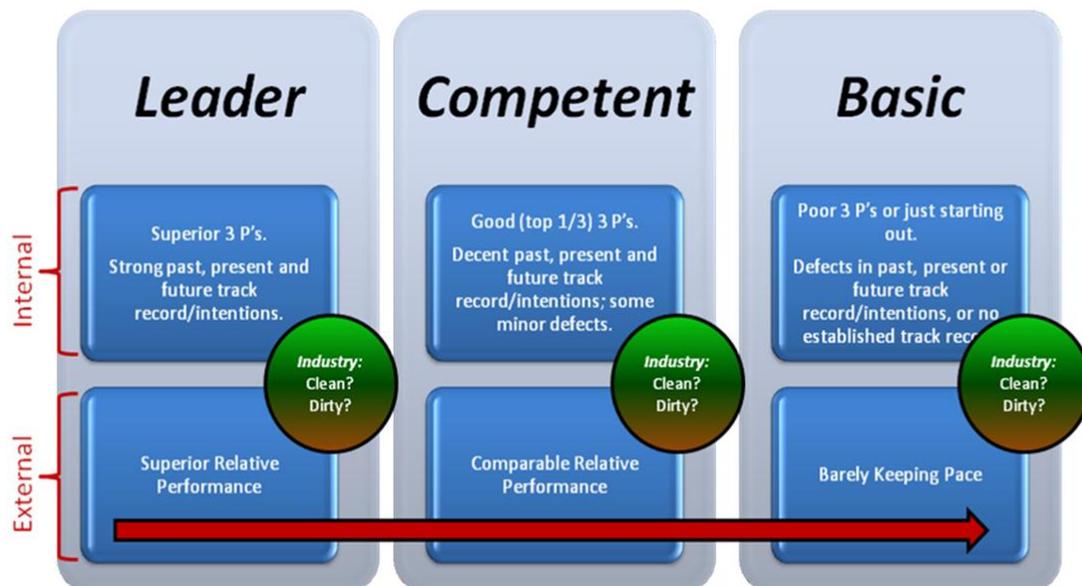
comprehensive green marketing communication plans.

External influences are imposed by the company's operating environment. They include customer and third party perceptions of the company's industry, and also the company's sustainability position relative to its competitors. Some industries, such as the oil industry, are perceived to be more "dirty" and less sustainable than other industries. Many people are suspicious of "dirty" industry green marketing communications. Naturally, this creates a higher greenwashing hurdle for communications in these industries relative to green marketing communications in more "clean" industries. Regardless of its industry, a company's policies, programs, and performance can be placed somewhere on the sustainability spectrum relative

to those of its competitors. These rankings can be formal (as in the case of public third party rankings such as Newsweek's Green Business Rankings) or informal (as in the rough comparisons that consumers make every day). Companies that excel in these rankings will be able to more freely access the full range of green marketing communication tools. Companies that are lagging or deficient in one or more areas will have more limited choices.

Companies should conduct a balanced review of their internal sustainability characteristics and external sustainability influences. Based on this review, it should be possible for a company to place itself into one of three rough sustainability categories: (1) leader, (2) competent, or (3) basic.

Green Marketing Analysis



Companies that are **leaders** are in enviable green marketing positions. From a risk perspective, these companies have few sustainability weaknesses and are less exposed to greenwashing allegations. From an opportunity perspective, their sustainability strengths are a solid foundation for green marketing campaigns.

Leaders have thoroughly integrated sustainability into their businesses and have established strong sustainability track records and plans for the future. Aided by traditional marketing frameworks and tools, such as the 4P's, these companies can leverage their sustainability advantages in green marketing campaigns. They should seek to maximize the transparency of their sustainability efforts and actively engage with target consumers and businesses.

Leaders have access to many tools to implement their green marketing. If they have not already done so, leaders should strongly consider selecting appropriate standards and certifications, in the manner described earlier in this paper. Leaders can leverage these tools in obvious ways, such as by displaying sustainability certification information on product packaging and in traditional media and social media advertisements.

They also have access to less obvious methods, such as reporting sustainability accomplishments to NGO's and producing annual Corporate Sustainability Reports (CSR). Unlike

basic companies, leaders will be in a position of strength when engaging with NGOs and other third parties, although the perception of a leader's industry may temper wild green marketing expectations.

Basic companies are at the opposite end of the green marketing spectrum. They must approach green marketing with caution, as they are most susceptible to greenwashing claims. This is especially true if they participate in "dirty" industries. Still, being a basic company is not necessarily a bad thing – most people recognize that every company has to start somewhere.

Rather than actively engage with consumers and businesses, basic companies may prefer to focus their efforts on increasing the transparency of their sustainability efforts. Because they lack a strong track record, basic companies will want to emphasize well-designed, forward-looking policies and programs in their green marketing communications. Basic companies that have sustainability problem areas should consider explicitly addressing these up-front in green marketing communications. This will allow them to control the dialogue and avoid deception and other greenwashing sins. Although basic companies must work with a more limited green marketing toolkit (for example, some standards and certifications may be out of reach) they can still increase transparency by describing their policy, programs, and performance accomplishments and intentions on their websites. They might also choose to produce CSR

reports and begin reporting results to third parties.

Competent companies, as one might expect, fall somewhere in the middle of the green marketing spectrum. Their green marketing communications might involve both increasing transparency and actively reaching out to target audiences. Unlike basic companies, they will have enough of a sustainability track record to engage in more active green marketing campaigns, emphasizing their accomplishments. Unlike leaders, competent companies are not the shining stars in their industries. Their green marketing campaigns will be more exposed to potential greenwashing allegations and some of the elite certifications and standards will likely be out of reach.

Still, competent companies should be able to seek out appropriate standards and certifications. Because competent companies will have one or more sustainability weaknesses, they will want to take a cautious approach to green marketing. They may choose to address their weaknesses using some of the techniques used by basic companies.

Hypothetical Case – Current Situation

Canned Dreams, Inc. (CD), is in the food processing and packaging industries. Its product consists of shredded, effervescent tilapia. CD has two main competitors. One competitor is Packaged Promises Corporation (PPC), and the other is Wrapped Goals, LLC (WG). The three companies confront similar sustainability issues in their operations, such as a maximum sustainable catch of effervescent tilapia, operational efficiency issues (energy consumption during processing and transportation, wastewater emissions, etc.) and product issues (such as leftover packaging after consumer use and used crates). Each of the companies is a member of the same trade organization, which purports to exist, in part, to preserve the supply of effervescent tilapia. Recently, large retailers of shredded tilapia have begun advertising their own sustainability efforts.

PPC is the largest company in the industry. Several years ago, PPC was also the first of the three companies to recognize the growing importance of sustainability and green marketing. PPC took steps to measure emissions and waste, and used these measurements to establish various environmental baselines in accordance with recognized standards. Then it used its baselines to establish emissions and waste reduction targets. Early in this process, PPC also set up a sustainability section of its website to keep interested people informed about their sustainability policies, programs, and performance. Results were also reported through several NGO websites. However, recently PPC was verbally attacked by an environmental group that was disappointed with its sustainability performance.

WG is of comparable size to CD, but WG has not undertaken much in the way of sustainability. Office employees recently engaged in a limited recycling effort. WG management is moving toward identifying some low hanging sustainability fruit, such as lighting improvements, but WG does not have any official, published sustainability policies or programs. Its sustainability performance is typical of a company that has made some minor, quick-return operational improvements solely to save money, but the “sustainability certification” and “sustainability standard” phrases have not yet entered its vocabulary. Naturally, WG does not engage in any green marketing.

As part of the industry trade organization, CD has publicly acknowledged the importance of sustainability to its industry. CD has some generally-followed informal sustainability programs and policies that have developed over time, but nothing in writing. Little environmental data is collected, and CD has made no effort to describe sustainability efforts on its website or in CSRs. Although most of the industry focus has been on effervescent tilapia sourcing, one of CD’s several facilities is close to achieving “zero waste” output. CD is fielding an increasing number of customer calls regarding its sustainability practices, which is consuming company resources and leading to customers that are dissatisfied with the limited responses they get.

How should each of these three companies approach green marketing?

Hypothetical Case – Path Forward

The first step is to analyze the internal sustainability characteristics and external sustainability influences for each company.

PPC has laid sustainability groundwork because it has clearly established sustainability policies and programs. Although some may be unhappy with its performance, possibly because of the issues that the industry faces, it has established a transparent track record. Relative to its competitors, PPC appears to be most active on the sustainability front, achieving the best results and continually raising the bar.

CD lacks a performance track record, partly because it simply does not measure sustainability metrics. It does have informal sustainability policies and programs, but nobody outside of the company knows what they are. Because they are informal, it would probably be fair to say that the company lacks a coherent sustainability vision. However, it has almost accomplished a zero waste facility – but nobody outside of the company knows about it and it is likely that this fact may not even be widely known within the company. Relative to its competitors, CD is probably perceived to be less successful than PPC, but more successful than WG.

WG has failed in most aspects of sustainability. It has little to nothing in the way of policies, programs, or performance. However, it is starting to take its first small steps toward sustainability. WG is probably perceived to be lagging behind the other two companies in sustainability.

It is obvious that PPC is the industry leader, CD is industry competent, and WG is industry basic. In this example, PPC is in a good green marketing position. They should consider whether there are any helpful industry standards or certifications that can be employed in green marketing communications. PPC can use the credibility, applicability, and feasibility decision framework and might also want to engage with the displeased environmental group. If the group's requests are reasonable, then they can be incorporated into subsequent sustainability efforts, although expectations may need to be tempered due to industry perceptions. Because of its strong track record, PPC might want to evaluate social media or other untapped marketing tools.

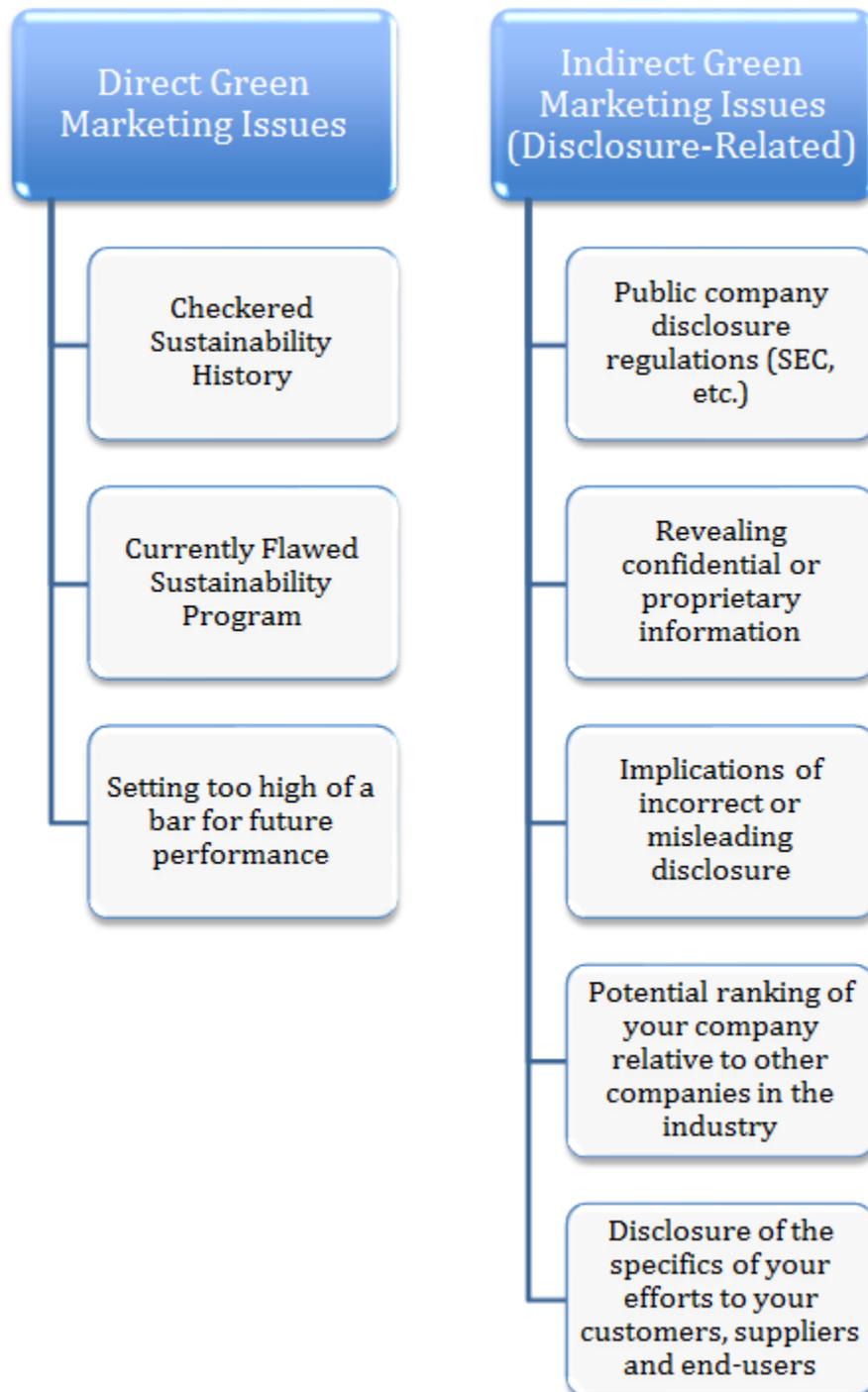
CD should keep the focus on its accomplishments, while acknowledging areas for improvement. It should try to codify its informal sustainability policies and programs and put in place systems to record environmental metrics. Identifying attainable, guiding standards will be important. These steps will help CD identify its sustainability accomplishments (such as its zero waste facility) and communicate them to customers and its retailers, perhaps by adding material to its website or preparing sustainability brochures. CD will also benefit from shifting the sustainability focus in its green marketing to the areas in which it is strong. The company might also want to increase transparency by participating in the Carbon Disclosure Project.

WG should focus mostly on establishing its policy, programs, and performance. To minimize the potential for greenwashing, it may want to focus its green marketing efforts on increasing transparency and forward-looking plans. Like CD, it must put systems into place to measure environmental metrics. This will also provide the company with the data necessary to report results on third party websites. WG has little sustainability experience, so it would be a good idea to start building a track record with some quick sustainability accomplishments.

Special Concerns in Green Marketing Communications

There are a few categories of special green marketing communications concerns that a company may want to

consider as it shapes its green marketing plan. Some of these concerns might be due to a company's sustainability history, while others can result from the ongoing disclosure required by many sustainability standards and certifications as part of



the implementation process.

Direct Green Marketing Issues

No one expects companies to be perfect, but concealing an unsavory past is a sure recipe for green marketing failure. Similarly, companies should acknowledge their challenges and flaws; in fact, they can even be a focus of the companies' sustainability process and green marketing efforts (e.g., sustainability program next steps and difficult decisions). Companies should be wary, however, of setting unrealistic expectations or making green promises they cannot keep.

Indirect Green Marketing Issues

Engaging with third party sustainability reporting websites and services is, by its very nature, a disclosure-intensive endeavor. The information that companies provide is often included in sustainability rankings or otherwise disclosed in whole, or in part, to the public. If a company is publicly traded, it should consult with legal counsel prior to entering any significant data or other information on disclosure websites.

Voluntary disclosure websites are designed to elicit detailed responses on corporate sustainability efforts; companies should be aware of the possibility of employees accidentally disclosing confidential or proprietary information. Of course, disclosing incorrect or misleading information could result in greenwashing claims or liability. Also, companies should bear in mind that disclosure of their sustainability data and programs will

allow them to be publicly ranked relative to competitors. Often this is a good thing, but if a company is lagging competitors or public perception in important areas, then its green marketing plan should be tailored accordingly – a good plan to improve sustainability performance goes a long way toward repairing an otherwise poor report.

For many companies, these concerns are not applicable. Even if they are, addressing them is usually as simple as vetting disclosures. To do this, companies should consult with their marketing or legal personnel to the extent the risks warrant. Independent sustainability consulting firms can also be of great help in many situations.

Conclusion

The sustainability movement may ebb and flow, but it is here to stay. Each company, regardless of its industry, should consider integrating sustainability into its business strategy. Those that do will seek recognition of their efforts. These companies should consider green marketing, keeping in mind that green marketing is not a cure-all for boosting sales. Companies should remember that there is no universal green marketing strategy. At all times, companies engaged in green marketing should structure their efforts to minimize greenwashing risks.

Many companies might find the frameworks in this paper helpful as they formulate green marketing plans. These

companies will analyze their internal sustainability characteristics and external sustainability influences and identify themselves as industry-leaders, industry-competent, or industry-basic companies. This self-evaluation will, in turn, assist them in identifying the most appropriate tools for implementing green marketing. Some companies will determine that qualifying for a certain certification or complying with certain standards should be part of their plan. These companies should consider the

credibility, applicability, and feasibility selection framework discussed in this paper when they make their decisions. Green marketing is not overly complicated or risky for the companies that give it the attention it deserves early on in the planning stages.

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