The formation and use of environmental claims by market players; related proposals and guidance

Study summarizing the result of the market analysis number AL/535/2022 of the Hungarian Competition Authority

Content

1. Overview and proposals

1.1. Executive summary

On 14 November 2022, the Hungarian Competition Authority (GVH) launched a market analysis to investigate in detail what claims related to environmental protection and sustainability are made by manufacturers, distributors and retailers in the food, clothing, chemical and cosmetics sectors, how widespread these claims are, and how they influence consumers' transactional decisions and product choice.

The GVH's market analysis therefore had a dual objective. On the one hand, the aim was to examine the extent to which these green claims influence consumers' purchasing intentions and what differences can be obtained between product categories, claims and the ways they are presented. On the other hand, it also aimed at reviewing the extent to which these messages are disseminated through different communication channels and how the companies demonstrate the veracity and substantiation of these claims.

To achieve these objectives, the GVH used five approaches:

1. In a controlled, randomized experiment conducted in collaboration with Ágnes Buvár, researcher from Eötvös Loránd University, it investigated the impact of different sustainability claims and labels (logos) on consumers' product choice and purchase intention.
2. Through a comprehensive online sweep, it had identified the sustainability-related content available on businesses' websites and examined the extent to which these claims are backed up and the way they are backed up.
3. The GVH has also contacted several market players to obtain information on the principles on which they base their sustainability claims and the communication channels they use.
4. The GVH commissioned Kantar Media to assess which green claims appeared in advertisements published between 2019 and 2023, how widespread they were and what aspect of the product/company they concerned.
5. The GVH reviewed similar studies and analyses by other European competition authorities with consumer protection powers.

The results of the individual investigative steps, research and analyses are presented in the following chapters of the study. Based on the results and international experience, the GVH has also formulated a number of recommendations and guidelines. Some of them are addressed to market players, with the aim that if companies and brands communicate in a way that is in line with the proposals made, they will not mislead consumers. On the other hand, the GVH's proposals were aimed at providing the legislator with a set of criteria to develop a reliable labelling system that would be trusted by consumers and would be properly and easily taken into account in their transactional decisions, also taking into account the forthcoming EU regulations.

1.2. Proposals

Based on the data and information obtained in the market analysis, the corporate practices, international recommendations and literature reviewed, the GVH makes the following recommendations.

1.2.1. Proposals for businesses

Before developing their communications related to sustainability and environmental protection, businesses need to explore and understand that during the production and consumption of their products what type of environmental impacts are generated at what stages. The best way to do this is to conduct life-cycle analysis (LCA),[1] as recommended by the UK competition authority and required by ISO 14025 (Deconinck and Hobeika, 2022). LCA can identify the type and extent of environmental impacts during the production of raw materials, the manufacturing process, packaging, logistics, product use and finally waste management. The GVH is aware that life-cycle analysis can be costly and therefore proposes to use generic data as a guide (similar to the way in which the energy and nutrient content of foodstuffs can be provided through "a calculation from generally established and accepted data" under Article 31(4) of Regulation (EU) No 1169/2011). Several international databases are already available that can be used in the absence of individual corporate data and measurements. Deconinck et al. (2023) provides a detailed description of these data sources, of which, for example, the French Agribalyse database[2] is already the basis for an environmental labelling scheme. Carrying out a life-cycle analysis and understanding the results is essential to enable businesses to intervene in the areas where their operations/products have the greatest environmental impact, i.e., where their actions and subsequent (credible) communication are most appropriate.

Knowing the real environmental impact of businesses and their products, companies can determine which environmental improvements, investments and modifications can have the greatest positive environmental impact. As a general principle, business action should focus on the area where the greatest environmental pollutions are generated and where it is necessary to achieve a meaningful impact. This will ensure that the company is actually able to reduce its environmental impact in a meaningful way, thereby setting itself on a more sustainable operational path that it can communicate. Once these activities have been completed, the company will have the knowledge and results that it can present in its communications. The GVH draws the attention of undertakings to the following points that they should consider in their communications.

1. Businesses' communication on sustainability and environmental protection should focus on those activities that have the greatest impact on reducing environmental pollution. This will ensure that consumers see pertinent information on products or in product/company-related communications that is relevant to the environmental impact of the product. This enables consumers to compare products with similar consumption purposes and to choose the product that best suits their needs. The GVH's analyses and research show that a significant proportion of companies focus on the packaging of their products when making green claims, while the environmental impact of packaging is typically negligible compared to, for example, the production of raw materials or processing. This may give consumers the misconception – given that a significant proportion of consumers are not necessarily aware of the real content of the claims made, and of the life-cycle analysis of each product – that greener packaging makes the product itself more sustainable, which is not the case. Claims that give

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[1] For a more detailed but illustrative presentation of the LCA, see for example: https://www.bpf.co.uk/sustainable_manufacturing/life-cycle-analysis-lca.aspx (downloaded 12 December 2023).
[2] https://agribalyse.ademe.fr/ (downloaded 12 December 2023)

consumers the impression that a product has a significantly lower environmental impact than a like or substitute product can be misleading when in fact this is not true.

2. The claim, logo or label must be verifiable, and this information should be available to the consumers. This can be done in several ways.

- On the one hand, there are certifications that take into account the whole life cycle of products, such as the EU Ecolabel.[3] It is important to note that this is not available for all product categories, but it is for chemicals, for example. There are other logos and certificates, but it is worth paying attention to the credibility and traceability of the certification body, which will be a key aspect of the forthcoming EU legislation.

- On the other hand, there are independent organisations that can carry out life-cycle analyses, which can show the environmental impact of specific products and compare it with the average for similar products from a consumer perspective.

- Thirdly, by using data from internal decision support systems and supplementing it with generic data, companies may also be able to perform a simplified life-cycle analysis. For example, several international databases[4] provide product-level life-cycle analysis data for different food products (Deconinck et al., 2023), which can also guide domestic food companies. Some online tools, such as the Cool Farm Tool,[5] can help to perform the calculations. In these cases, it is particularly important that the data used and the calculation process are verifiable and controllable, and accessible to consumers.

The GVH draws attention to the European Commission's horizontal guidelines published in 2023,[6] which contain a specific section on sustainability agreements, including sustainability standardisation agreements. If a group of independent companies is considering developing its own trademark, logo, criteria or standard, it should take into account the principles set out in the guidelines.

3. Poorly worded, overly general or generalisable, vague claims should be definitely avoided, as they are likely to mislead consumers. These include claims such as "environmentally responsible choice" or "environmentally friendly product" or "renewable packaging", where it is not clear exactly what criteria or for which characteristics of the product or on the basis of what data the company makes this claim. Also problematic can be carbon neutrality claims based on carbon offsetting, which are subject to significant restrictions in EU-level regulation.

If a claim or logo does not refer to the whole product, but only to one or a few aspects of it (e.g., its packaging), the company must be careful not to let the consumer extend it to the whole product, as the Dutch competition authority (ACM) has pointed out, for example in the case of dairy products.[7] This is particularly true in cases where the claim relates to an aspect of the product which, according to the life-cycle analysis, is not linked to the significant environmental impact of the product – in the case of food, the bulk of the environmental impact

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[3] https://environment.ec.europa.eu/topics/circular-economy/eu-ecolabel-home_en (downloaded 12 December 2023)

[4] Examples include Agribalyse (https://agribalyse.ademe.fr/) and Hestia (https://www.hestia.earth/).

[5] https://coolfarm.org/ (downloaded 12 December 2023)

[6] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.2023.259.01.0001.01.ENG&toc=OJ%3AC%3A2023%3A259%3ATOC (downloaded 4 January 2024)

[7] https://www.acm.nl/en/publications/acm-launches-investigations-misleading-sustainability-claims-three-sectors (downloaded 12 December 2023)

is typically not caused by packaging or transport, so particular attention should be paid to this in the case of such claims.

Claims that show changes compared to the past performance of the business/product can also be misleading. Indeed, if a company/product has not paid any attention to environmental aspects in the past, it can achieve significant improvements relatively easily. In the meantime, it is still possible that the environmental performance of the product/service is worse than that of the best companies/products in the industry. Therefore, while the consumer may see an environmental claim on the product/advertisement, by buying that product they are in fact choosing a less sustainable product. When communicating such comparisons, the business needs to be convinced that its product has a better environmental performance than the industry average. Generic data can also play a role here.

1.2.2. Proposals to the legislator

To mitigate and reduce the impacts of severe climate change and reduce the human impact on the environment, it is essential to shift consumer demand towards greener products to ensure a better and happier future. Schinkel et al. (2022) show that if consumers care at least to some extent about sustainability in their product choices, this will also encourage businesses to increase their sustainability-related investments. The first step in this is to provide consumers with credible information to make informed purchasing and transactional decisions. However, this is made more difficult by the fact that consumers are often unaware of the exact content and meaning of claims, as the controlled randomized experiment and international research have shown.

The latest market research[8] by the European Consumer Organisation (Bureau Européen des Unions de Consommateurs, BEUC) confirms that consumers at EU level and in Hungary are demanding the display of credible, comprehensive and verified performance-based sustainability claims and logos. 61% of consumers indicated that they take at least some environmental information into account when making product purchasing decisions. Three quarters of consumers surveyed said that only pre-checked and validated sustainability claims should be displayed on products, and nearly 70% of respondents trust public authorities in this area. This is supported by a Eurobarometer survey[9] conducted in September 2023, which shows that 73% of European consumers (69% of Hungarian consumers) consider the environmental impact of products to be important when making purchasing decisions, and that the EU Ecolabel logo is increasingly recognised and trusted.

These results show that the right regulatory framework and independent monitoring can build consumer confidence and help consumers make adequate choices for themselves and the environment. Thus this can reverse the damaging trend of declining consumer confidence in various environmental logos and claims.

The regulation of claims and information on products by the legislator is not a unique case, similar is the case with nutrition and ingredient labelling (Regulation (EU) No 1169/2011), and in Hungary with regard to the Hungarian origin of products (Decree 74/2012 (25.VII.) of the Hungarian Ministry of Agriculture). Based on the literature review and results of Deconinck et al. (2023), it is both possible and useful to develop such a system for labelling the environmental impacts of products. In addition, public involvement could help to coordinate

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[8] https://www.beuc.eu/press-releases/green-ads-confusing-according-new-consumer-survey-eu-rules-needed (downloaded 12 December 2023)

[9] https://europa.eu/eurobarometer/surveys/detail/3072 (downloaded 12 December 2023)

different initiatives at national and international level, thus preventing fragmentation and the emergence of multiple and divergent labelling schemes, with positive effects for consumers and companies. This is reinforced by the fact that the European Commission and France are working on the development of an environmental impact labelling scheme, with the latter also considering making it mandatory (Deconinck and Hobeika, 2022).

Based on the results of the present market analysis, the GVH makes the following proposals to the legislator for the creation of a sustainability and environmental impact labelling scheme.

1. **The scheme should take into account the whole life cycle of the product**, it is unfavourable if only one aspect (e.g., packaging, transport) is highlighted. These claims are often misinterpreted by consumers; or they may encourage businesses to communicate only on the aspect where they perform best. As a result, consumers will not be able to compare claims and products from an environmental and sustainability perspective, making it difficult to make optimal transactional decisions.

2. **The data used in the life-cycle analysis can be derived from generic databases, but individual companies can rebut these with their own measurements and data**. This can reduce the administrative burden on businesses, while still allowing for comparison between product categories and the possibility to highlight and mark the best performing products within product categories (Deconinck et al., 2023).

3. **The methodology of the scheme and the generic data used should be public** and essentially unchanging over time, thereby increasing consumer confidence. This helps ensure that interested consumers can check the veracity of claims at any time.

4. **The labelling should be tiered**, similar to the labelling of products of Hungarian origin, for example. It is worth using colour coding, which, according to research by the Dutch competition authority,[10] has been well received by the majority of consumers. This makes it easy for consumers to compare different product categories and products from different manufacturers, and encourages each manufacturer to improve its products from a sustainability perspective. For example, in the case of food, the Planet Score[11] is a good example, which is being used on a pilot basis in France, but several similar initiatives already exist and are reviewed in detail by Deconinck and Hobeika (2022).

5. **The certification and labelling scheme should initially be introduced on a voluntary basis**, even by awarding it through an application (similar to the Excellent Hungarian Food trademark, for example). This will ensure that only pre-checked labels and claims are displayed on products.

6. **Until the environmental labelling scheme becomes mandatory, it is not necessarily worth banning other types of claims and logos**.

1.2.3. Proposals for law enforcers

In the future, a mandatory environmental and sustainability labelling scheme is expected to be established at national or EU level; there are solid ideas for such a scheme in France, and, for example, initiatives already in place in the EU (Deconinck and Hobeika, 2022). In the previous

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[10] https://www.acm.nl/nl/publicaties/onderzoek-naar-de-invloed-van-duurzaamheidskeurmerken-op-consumenten (in Dutch) (downloaded 12 December 2023)

[11] https://www.planet-score.org/en/ (downloaded 12 December 2023)

section, the GVH provided a comprehensive set of criteria for the creation of such a national initiative.

However, the establishment of such a system will take time, and in the meantime **it is necessary to strengthen the control over existing claims and logos**, in particular by filtering out claims that are too general, distortive, untrue, unspecific or lacking substantiation or verifiability (e.g., "environmentally conscious choice", "renewable packaging"), or misleading claims in relation to the past performance of the company/product. **A key objective is to substantially reduce the number of poorly worded, noisy, overly general and incomplete claims, which was unfortunately observed in the product categories studied, especially in the case of food. It is particularly important to check the logos and claims on product packaging, as a significant proportion of consumers use them to inform their purchasing decisions.**

2. Background to the market analysis

2.1. Relevance of the topic

Preventing and mitigating climate change and building a sustainable economy and lifestyle are vital for the future of society. In addition to actions at the public level, consumer awareness is of paramount importance, as consumers' daily choices have an impact on energy use, waste production, carbon emissions and land use. Although the impact of a single consumer's decision is negligible in itself, the aggregate impact on the world's population of eight billion people is huge. This is illustrated by the fact that in the Netherlands, for example, the waste produced by plastic handles on soft drinks and mineral water multipacks alone is more than 40,000 kg per year.[12]

On a positive note, consumer awareness is also steadily increasing, with 63% of Europeans saying they have taken personal action to tackle climate change in the past six months. In Hungary, this figure is 61%, which is broadly in line with the EU average.[13]

Credible information is needed to make informed and correct consumer decisions. As the role of sustainability considerations in the consumer decision-making process is increasing, industry players have started to respond in different ways. Unfortunately, some of them are seeking to make it more difficult for consumers to access relevant information, rather than taking action on sustainability.[14]

A significant number of market players, manufacturers and distributors have used various labels and claims on their product packaging to inform consumers about the positive environmental impacts of their products. In recent years, the number of these symbols has multiplied, which has become counterproductive, making it difficult for consumers to understand and impossible to verify the veracity of certain claims and logos. Euromonitor confirms this in its October 2021 publication titled 'Trends Shaping the Future of the Food and Nutrition Industry': "One of the biggest barriers to sustainability trends is a lack of trust in green labels. In fact, in developed markets, where these trends are most advanced, labels like organic (48%), fair trade (46%), free range (47%), eco-friendly (46%) or non-GMO (42%) were seen as trustworthy by less than half of all respondents from Euromonitor's 2021 Voice of the Consumer: Health and Nutrition survey." (p. 12). At the same time, it is also observed that the content of these logos and claims is often designed to be favourable to the business, while not necessarily focusing on aspects relevant to the product.

Competition authorities with consumer protection powers have also begun to take an interest in the issue, as claims and logos of businesses acting unfairly can have a significant impact on consumers' transactional decisions and distort fair competition. The Dutch competition authority published its market analysis in summer 2022, identifying similar problems and making recommendations to the legislator to remedy the situation.[15] The UK

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[12] https://globalcompetitionreview.com/article/dutch-enforcer-blesses-coca-cola-sustainability-agreement (downloaded 12 December 2023)

[13] https://europa.eu/eurobarometer/surveys/detail/2954 (downloaded 12 December 2023)

[14] An example is the EU-wide dairy legislation initiative (Amendment 171), which aims to prevent, for example, plant-based drinks from being labelled as having a more favourable environmental impact than cow's milk. Source: https://www.foodnavigator.com/Article/2021/05/26/Europe-drops-Amendment-171-allowing-for-creamy-and-buttery-plant-based-dairy (downloaded 12 December 2023)

[15] https://www.acm.nl/en/publications/acm-calls-dutch-legislature-help-consumers-find-reliable-information-making-sustainable-choices (downloaded 12 December 2023)

Competition and Markets Authority (CMA) has set up a dedicated website[16] to educate consumers about green claims. The website, among other things, draws consumers' attention to the main features of misleading claims and provides businesses with an introduction to the CMA's Green Claims Code. There are also efforts at EU level to regulate sustainability claims, for example a 'blacklist' of claims is currently being drawn up.

The problems are present in Hungary, too,[17] but positive changes are underway. A good example is the research of the Hungarian Self-Regulatory Advertising Council titled 'Green claims in consumer understanding,' which aims to synchronise the advertising activities of its members with consumer understanding. Strengthening these positive processes is a priority. In this context, the GVH is also constantly looking at green advertising,[18] firstly to raise awareness among consumers in its 2016 information brochure and then to help businesses with its information booklet titled 'Green marketing – Guidance for undertakings from the Hungarian Competition Authority'[19] published in 2020. For the GVH, as a competition authority active in sustainability issues,[20] is therefore also timely to examine the perception and credibility of sustainability claims among domestic consumers and formulate proposals to address the shortcomings identified, thereby supporting fair competition in this area.

2.2. Legal background of the market analysis process

Pursuant to Article 43/C of the Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices (hereinafter: Competition Act) with a view to discharging its statutory responsibilities more effectively and efficiently, the GVH may conduct market analyses, in the framework of which it surveys and analyses the operation of particular markets, the market processes and the development of market trends as well as particular market practices, as well as the effects thereof on competition and trading parties, in particular ultimate trading parties, relying on information in the public domain and data collected on a voluntary response basis.

The GVH shall announce on its website the initiation of a market analysis, the specific markets, market practices and issues covered, as well as the proposed timeframe.

On the conclusion of a market analysis, the GVH shall prepare a report presenting the issues investigated, the facts discovered and the findings, any further measure that needs to be taken and the methodology employed, and it shall publish this report on its website.

Pursuant to Article 43/F of the Competition Act, if a market analysis detects a market failure which cannot be remedied in full or in part by competition supervision proceedings, the GVH

    a. shall inform the competent committee of the Parliament, or the competent minister or authority;
    b. may publish non-binding public recommendations; or
    c. may initiate, if deemed necessary, the enactment or amendment of legislation.

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[16] https://greenclaims.campaign.gov.uk/ (downloaded 12 December 2023)
[17] https://tudatosvasarlo.hu/ne-kelljen-hummognom-es-azt-mondani-bocsi/ (in Hungarian) (downloaded 12 December 2023)
[18] https://gvh.hu/fogyasztoknak/gondolja_vegig_higgadtan/zold_hirdetesek (in Hungarian) (downloaded 12 December 2023)
[19] https://gvh.hu/pfile/file?path=/en/for_professional_users/guidance-documents/szakmai_felhaszn_tajekoztatok_zold-iranymutatas_2020_a&inline=true (downloaded 9 January 2023)
[20] In June 2023, the GVH organised an international conference titled 'Green Considerations in the Application of Competition Law.' The press release and summary video of the event are available on the GVH website: https://gvh.hu/en/press_room/press_releases/press-releases-2023/gvh-organized-an-international-conference-on-green-competition-policy-aspects (downloaded 9 January 2023).

2.3. The methodology of the market analysis

The market analysis had the dual purpose of examining the prevalence and impact of sustainability claims. The methodology was adapted to these objectives.

The use of green claims on product labels is becoming increasingly common today, and international studies[21] have also been published on their impact. The GVH's aim was to investigate how the use of various sustainability-related logos and claims on product labels affects the image of products and the willingness-to-buy among domestic consumers. To this end, the GVH conducted a controlled randomized experiment on a representative sample of Hungarian consumers by gender, age, place of residence (area), type of settlement and educational level together with Ágnes Buvár, assistant professor at the Institute of People–Environment Transaction at the Faculty of Education and Psychology of Eötvös Loránd University (ELTE PPK).

The Authority has looked at the prevalence of sustainability claims in the domestic market in three ways. First, the GVH conducted a sweep of nearly 60 websites and their content. In addition, the GVH sent data requests to 26 companies, seven non-governmental organizations and the state-owned Herman Otto Institute. Finally, the GVH commissioned Kantar Media to review how much and what type of environmental sustainability claims were made in advertisements published between January 2019 and August 2023.

The remainder of this paper presents the results of these studies and the summaries of the data received, which have funded the GVH's proposals described above.

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[21] The literature on this topic is very broad, some examples: Olsen et al. (2014), Chen and Lee (2015), Seo and Scammon (2017), Iovino et al. (2023).

3. The impact of different representations of green claims on consumer perceptions, attitudes, purchase intentions, recall and understanding of the claim

This chapter summarises the results of the controlled randomized experiment conducted with Ágnes Buvár (ELTE PPK).

3.1. The aim of the research

The aim of the research was to explore how consumers are influenced by the different ways in which sustainability claims are presented on product packaging. In total, three types of claims were tested which were providing information on recyclable packaging, sustainability and carbon neutrality of the given product. There were therefore claims that only referred to the packaging of the product, but also more holistic ones that covered the whole production process of the product. The claims could appear on the product in different formats:
- logo (label) only
- short text only
- long text only
- logo (label) and short text
- logo (label) and long text

Due to the experimental research design, the reference products had no logo (label) or text, so consumers did not see any sustainability claims or logos on these products.

The claims were tested using fictitious products in three different product categories: food (mango juice), clothing (jeans) and chemical products (fabric softener). In each case, a random draw was made to decide which sustainability claim appeared on which product and in which format to the respondents. Accordingly, the reference products that did not display any sustainability claim were also randomly selected to appear to the respondents. This is the basic assumption of controlled randomized experiments.

3.2. Sample

The subjects of the experiment stemmed from a representative sample of 2,000 (Hungarian) respondents by gender, age, place of residence (area), type of settlement and educational level selected from one of the largest Hungarian online consumer panels. The survey was conducted in October 2022.

In terms of consumption habits, 41.6% of respondents said that they had no financial problems but were not able to make savings, 17.2% said that they had problems making ends meet and 20.1% said that they were even able to make savings. In addition, nearly three quarters of respondents lived in households of two or more but less than four people.

In general, respondents were moderately sceptical about green claims on packaging and in advertising. They were generally concerned about the environment but had positive attitudes towards green products. As regards the sustainability of products, 43.4% of respondents (also) got their information from labels and information on packaging, which was the most common way of getting information. Other important sources of information were social media (31.9%), websites independent of manufacturers (25.1%) and friends and acquaintances (18.7%).

3.3. Research methodology

The questionnaire consisted of five sections. In the first three sections, the three products under investigation were presented to the consumer (in a random order) with a sustainability claim and its format (one of which was the reference scenario) randomly assigned from a uniform distribution. Each respondent saw all three products and all three sustainability claims, but the product–claim assignment and their order was randomized. After viewing the product image, the respondents were asked various questions about the product (and sustainability claim) they had viewed. Four questions asked about the environmental friendliness of the product (e.g., "How environmentally friendly do you think this product is?"), 12 questions asked about four perceived green values (functional, behavioural, social, emotional), three questions asked about the credibility of the product seen on a bipolar scale (e.g., "very unbelievable" – "very believable"), two questions asked about the need for more information about the product, and four questions asked about consumers' purchase intention (e.g., "I would buy the product if I happened to see it"). Validated scales from academic literature were used for each topic. Finally, a further set of questions examined the effects of formats of the claims on remembrance, spontaneous recall, and comprehension of the statement.

In the fourth section of the questionnaire, questions were asked about the respondents. These included questions on attitudes towards sustainability and the environment. Again, validated scales were used. Finally, the fifth section asked respondents for some demographic data.

In addition to descriptive statistics, the responses were analysed by estimating so-called mixed models. For example, this method also allowed to answer the question whether there is a statistically significant difference in the effect of the formats of the claims by product category or green claims.

3.4. Results

In addition to the full sample, the results were also analysed on a subsample of "green consumers." This subsample was defined using the 7-point green consumer scale (Matthes and Wonneberger, 2014). Respondents scoring above the median value (5.03) of the scale constitute the green consumer subsample. In general, the group of green consumers is made up of a higher proportion of women and people with primary or tertiary education.

3.4.1. The impact of green claims on the perceived environmental friendliness, green credentials, credibility of the product, and the intention to request further information and purchase

Firstly, the effects of green claims on the perceived characteristics of the product categories under investigation are described.

Despite the similar presentation of green claims, the perception of the environmental friendliness, perceived green value, intention to request more information and purchase intention of products differed between the product categories. Overall, soft drinks received the most positive ratings. This suggests that some product categories are perceived as inherently greener than others.

With a few exceptions, the inclusion of any format of green claim in the survey resulted in a more positive environmental product image with medium effect size. There were only small differences between the different formats of the claims, with text and label combinations

generally being relatively more effective. In some cases, long text or combinations of text and label resulted in the most environmentally friendly perception (sustainable jeans and soft drinks), while in other cases short text and label were relatively more effective (sustainable fabric softener, carbon neutral soft drinks).

It is important to highlight that the intention to request information has increased in all three product categories when making carbon neutrality claims, especially in the case of short text displays. This result suggests that consumers are relatively less aware of the carbon neutrality claim, as the inclusion of the claim increased consumers' demand for more information.

The format of the claims had the greatest direct impact on the perception of the environmental friendliness of a product, in addition to having a direct impact on purchase intentions in product categories perceived as less green. In general, for the most part, the appearance of any green claim in the fabric softener and jeans categories led to a more positive perception compared to the control group, although there were exceptions.

Generally speaking, the display of green claims on products increased the purchase intention of products. Long text and text and label combinations were found to be the most effective in terms of purchase intention, but there were differences between product categories.

Overall, the label and text combinations had the most positive impact on the aspects examined. It is interesting to note that short text generally worked better for fabric softener, while long text worked better for jeans. When looking at the relationships between the aspects studied, it can be concluded that the other factors also showed a positive correlation with purchase intention. The correlation was strongest with perceived green value and weakest with credibility.

The results for the green consumer subsample were more influenced by the appearance of green claims on products, but overall, the patterns were very similar to those for the full sample. For example, soft drinks are also perceived by green consumers as a more sustainable product category (compared to fabric softener and jeans), and credibility and purchase intentions for green consumers are essentially the same as for the whole sample, and the correlations between the aspects tested are also similar to the whole sample.

However, in some cases label was found to be more positive for green consumers, such as the perceived green value of jeans or the perceived credibility of fabric softener. Long text was also found to be more effective for green consumers in some cases, most notably in the case of fabric softener (request for more information, purchase intention).

3.4.2. Remembering, spontaneously recalling and understanding green statements

In addition to the previous aspects of the survey, remembering and understanding the statements was also part of the questionnaire. The study measured both spontaneous and guided recall of the statement.

Among the statements, the recyclable statement had relatively fewer spontaneous mentions, although there were more correct explanations. This suggests that of the three green claims examined, the recyclable claim was probably the most well-known or the most common.

At the product category level, green claims appear to be more "salient" in categories perceived as less environmentally friendly, with the jeans and fabric softener categories generally more likely to be spontaneously or guided recalled, compared to the soft drink

category, which is generally perceived as greener. Furthermore, soft drinks were more likely to have sustainable and recyclable claims correctly explained by consumers.

Similar to the factors examined earlier, the likelihood of spontaneous and guided recall tended to be most positively affected by combinations of text and label. For the claims examined, short text was more effective for sustainability, while long text and label were more effective for guided recall for carbon neutral and recyclable claims.

However, there does not seem to be a significant impact on the understanding of the claims in terms of the format of the claim and, in general, the understanding of the actual content of the claims was very low, which is particularly unfavourable. Only for the carbon neutral claim, which is basically the least known claim for consumers, had the format of the claim an impact on the understanding of the claim. Figure 1 shows that for the carbon neutral claim, long text displays were slightly more effective, but even then, 80% of the consumers could not correctly explain the meaning of the claim. This suggests that, in the case of less well-known green claims, on-packaging information can improve understanding of the green claim to some extent.

Figure 1. Explanation of the carbon neutral claim
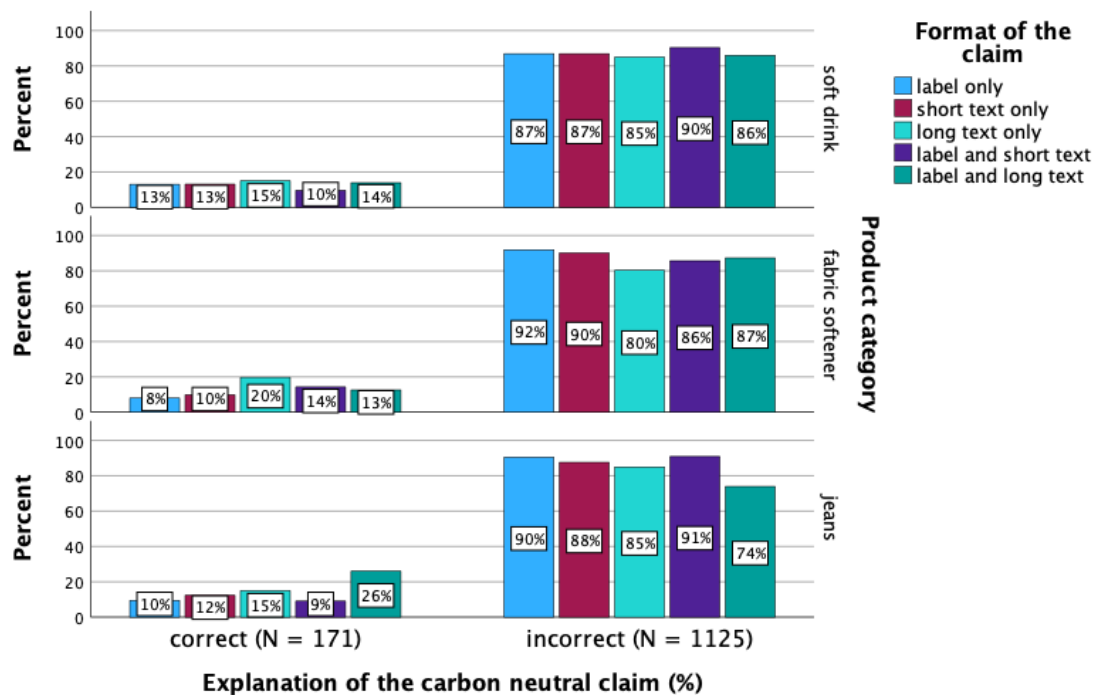
Note: Percentages refer to the distribution within the formats.
Source: joint ELTE PPK–GVH research results

Compared to the full sample, green consumers were better at remembering green statements in both spontaneous and guided situations, and had a higher proportion of correct explanations.

It is noticeable that green consumers pay more attention to the label as in their case compared to the full sample, the mere display of the label improved recall for spontaneous or guided recall for the sustainable claim. Interestingly, for the carbon neutral claim, the long text and label helped green consumers' guided recall and comprehension, but for spontaneous recall,

the short text or short text and label proved to be more effective. These results suggest that green consumers may notice the carbon neutral claim, but not necessarily understand it.

The understanding of the sustainable and recyclable claims among green consumers is also independent of the format of the claims on the packaging. However, in contrast to the findings for the full sample, for green consumers who were aware of the concepts of carbon neutrality or recyclability, this understanding was associated with negative perceived green value and negative purchase intentions.

Overall, the results of the research show that the display of green claims on product packaging has an impact on consumers' perceptions of the product and their purchase intentions. However, a significant proportion of consumers are unaware of the exact content of the claims they see, they often misunderstand them and because of that there are not necessarily differences between the claims in terms of the variables examined, in particular perceived environmental friendliness and purchase intention.

4. Consumer sweep and lessons learned

In January 2023, the GVH carried out a comprehensive online sweep to investigate what green claims businesses make on their websites about themselves or their products. On the basis of a preliminary selection the GVH's case handlers looked at the contents of 59 websites. One of the selection criteria was to focus on the product types covered by this market analysis, namely food (29), clothing (15), cosmetics (9) and cleaning products (6). Within these, the focus was on the most well-known brands. Another aspect was that the sweep should also give an overview of the green claims made by companies about packaging and how they are formed. This also included online retailers in the given product categories, since packaging can be a significant issue for products sold with home delivery. The aim of the sweep was to identify the logos and claims used by businesses, which also provided a starting point for identifying which companies to reach out during the market analysis.

In the framework of this rapid analysis, the GVH first looked at the websites under investigation to see whether the companies explicitly or implicitly used green claims. The sweep also included whether it was clear and unambiguous, whether the claim referred to the company or its product and, if it referred to the product, whether the company meant the claim for a component or packaging of the product or the whole product.

The claims were also assessed in terms of whether they were generic, vague (e.g., "green", "environmentally friendly", "recyclable", "made from natural materials", "eco", "nature-friendly", "ecological", "environmentally sound", "climate friendly"), whether the supporting proofs, certificates were available and, if so, how understandable (available in Hungarian) and clear they were. In the case of forward-looking claims (e.g., "all of our packaging will be 100% recyclable by 2025"), the GVH examined whether the undertaking indicated how it intends to achieve the stated objectives.

The sweep also included an examination whether any comparative claims were made. These included a specific examination of whether there were any claims that suggested a positive change in an environmental attribute of the product which were in fact only an improvement compared to the manufacturer's previous poor practice, and therefore still had a negative environmental impact in themselves (e.g., "10% less packaging material", while the packaging still contained a significant amount of superfluous plastic).

The sweep also sought to find out the proportion of businesses using the mark or logo of an independent, external certification body, and the proportion using their own label and text. In this context, the GVH also investigated whether the certification body is a genuine certification body, whether the company makes the evaluation criteria linked to the logo available and whether the evaluation criteria are not narrower than the logo itself suggests.

For green claims on food products, the experience of the sweep is summarised below.

- Companies have communicated on sustainability in a very broad and unstructured way. Most of the problematic (incomplete, inadequately substantiated) claims were within this category.
- The main and most frequent problem was that the information to support the claim was difficult to find, after a long search only, or not at all.
- The related subpages (e.g., certificate of commitment, information about the certifying body, climate strategy) were often not translated and not available in Hungarian.

- Old green claims that had not been updated (e.g., "we want to achieve by 2021") were also common, while it was not indicated whether the target had been achieved.
- The use of buzzwords like "green" and "sustainable" was very widespread, information was presented without proper filtering and selection or was not always relevant.
- Compliance with legal requirements was often communicated as a differentiating advantage.

After reviewing the websites selling clothing, the followings are the general experiences.

- Sustainability in the navigation menu has appeared on several websites. In many cases, it is perceived more as a business policy, since sustainability included the proper working environment for its employees, not just environmental considerations. (The social and economic aspects of sustainability have not been examined in detail in this study or in the sweep.)
- The content behind the sustainability claims, with detailed interpretative information, was only available after repeated clicks. Meanwhile, as they moved away from the original page, they contained more general information and were more likely to appear in English only (the more clicks, the more likely the foreign language text).
- The sustainability label was also applied to the materials used in the products, but sometimes there was a complete lack of explanation and justification.
- In some cases, companies used names for a product group or collection based on their own criteria. In these cases, it was relatively easy to trace back why the product was "green" or why the company considered/claimed the product to be "green".
- The meanings of recycled and reprocessed were mixed. Both recycled and reprocessed were used for polyester produced from PET bottles.
- On the majority of the websites, the explanation of the green claims (recycled, remanufactured, organic, sustainable) related to the ingredients of the products was not available on the product data sheet, but only under the sustainability information section of the website. On a positive note, in one case the sustainability section included a sustainability glossary with a brief explanation of the green claims.
- In several cases, the website gave details of what the company had done in recent years to operate "sustainably".
- Comparative claims were found in only one case.
- The use of forward-looking statements was noted in three cases, and in two additional cases indirect references were found, while further details could be found on other websites.

The following conclusions can be drawn from a review of the websites of companies marketing cosmetics and cleaning products.

- The in-depth information supporting the green claims was typically in Hungarian and easily accessible, but in some cases it took several clicks, a longer path to reach them or they were only available in English.
- The majority of businesses also set targets for the future, typically indicating how they intend to achieve them.
- The majority of the brands surveyed were entitled to use marks and logos issued by independent third-party organisations. However, there were also cases where the logos were created by the company itself.

- The natural, plant-based, vegan origin of the product's ingredients was emphasised, with the addition that this does not reduce the cleaning efficacy of the product.
- The recycled or recyclable nature of the packaging was also mentioned as a side message.

5. Summary of the responses for the request for information

Based on the lessons learned from the sweep, the GVH contacted 26 companies that used sustainability and environmental claims on their websites and/or on the packaging of their products. The response was voluntary and a total of 10 companies sent their replies to the GVH. It is therefore important to highlight that it is possible that the companies that responded were primarily those that are at the forefront of good practice, and the practices presented below should not be considered representative. Below the corporate responses received are summarized along four questions.

5.1. Usage and frequency of sustainability claims

According to the data received by the GVH, companies make environmental claims mainly about the packaging and transportation of their products. In case of packaging, the claims tend to focus on reducing the proportion of plastics used, increasing recyclability, sourcing from sustainable sources and increasing the use of biodegradable materials in their green claims. In addition, claims about the energy use of manufacturing facilities, such as climate-neutral production, are also frequent.

Moreover, retail chains with diversified product ranges also tend to make claims about the ingredients (e.g., palm oil, cocoa) of their private label products. These mainly refer to the sustainable sourcing of the raw materials and the traceability of these claims.

Furthermore, many companies actively promote the reusability of their products and packaging. For example, labels on plastic bottles encourage consumers to reuse them. Circularity and the communal use of products are also recurrent themes in companies' environmental claims. This may include the redesign of furniture or encouraging their communal use. For example, making a bookshelf, that no longer used at home, available to a wider community (e.g., a staircase).

Other claims seek to drive consumers' choices towards environmentally friendly products by showing how much money, especially energy, can be saved by buying and using sustainable, environmentally conscious products. Some companies are encouraging their customers to buy their products and/or recycle their packaging by offering souvenirs made from environmentally friendly materials. An example of this is a campaign where the more recyclable packaging a consumer returned to the company's designated stall, the more valuable gifts (s)he received.

Companies' sustainability claims also include reflections on social problems. These include cases where a company has entered into an agreement with another undertaking that is working towards some positive social goal. Examples include reducing food waste or helping families and children in difficult financial circumstances with the proceeds from the return of aluminium cans.

5.2. Presentations and displays of sustainability claims

Companies place and present their sustainability claims in different ways. A common point is that almost all companies publish environmental claims on their websites, in most cases providing detailed information about them, and possibly supporting figures and evidence can also be found in the appropriate places on the websites. Another common point is that typically these claims are also displayed on the packaging of products, on the boxes used to transport them, possibly by using some (international) logo or text.

Most of the companies surveyed also post sustainability claims on their social media platforms, which are usually included in the text of the post or in an accompanying image or video. If the post does not focus on sustainability, the green claims are typically highlighted in a separate bullet point so that consumers are more likely to read them. Another characteristic of the claims shared on social media is that they are not only shared on one platform, but are also posted on multiple platforms (e.g., multiple social media sites, video sharing portals) by the companies, thus reaching as many potential consumers as possible.

Some companies also create point of sale displays. In these cases, they try to draw consumers' attention to their environmental claims by displaying different products or by using information billboards. Companies may also use the print media (paid advertisement) or their own advertising magazines to publicise these claims.

According to the data received, few of the companies presented their sustainability and environmental claims in television advertising.

5.3. Underpinning sustainability claims, verifying their veracity

Most of the companies surveyed verify their environmental and sustainability claims with logos issued by external organisations. The majority of these organisations are internationally recognised companies whose main activity is to certify environmental protection and related claims, and to license the use of their logos and certificates. Such a logo can only be used by companies that meet the criteria and requirements set by the relevant environmental organisation. Examples of such environmental organisations include the Forest Stewardship Council (FSC), the World Wildlife Fund (WWF) or EMAS (the European Union's certified environmental management system). In most cases, companies display these logos on their packaging in a prominent place and in some cases, they also display them next to their products in their online shops, so that customers can be aware that their products meet certain environmental criteria when shopping online.

Companies may also use the services of independent consultants or market research companies. In such cases, instead of a formal certificate, they use the research or the energetic and/or environmental calculations by these companies to justify their environmental claims.

Based on the information received by the GVH, there may also be cases where companies make environmental claims based on data extracted from their own databases and IT systems. Such claims could include, for example, to what extent the packaging of certain products has been redesigned to reduce the amount of plastic used or how much the company has reduced its annual carbon dioxide emissions. Sometimes a company will use a logo of its own design to communicate these results to consumers.

Some companies use claims made by the supplier or manufacturer of the product in their communication about that product. This is particularly the case for retailers, for example when sharing information about the energy use of different electronic products or the ingredients of food (e.g., organic). In many cases, these claims are subject to internal checks before they are published, to ensure that they are accurate and comply with the law.

5.4. Results of related corporate research

Most of the companies surveyed in the market analysis did not carry out a survey to find out how important the environmental sustainability of their products or services is to their customers. Companies that have carried out such surveys have typically found similar results. One of the main findings is that for the majority of Hungarian consumers environmental

awareness and sustainability are not the most important decision criteria. When choosing a product or a store, the most important criterion is the consumer price. There were also a number of products for which environmental aspects were important to the extent to which they could save costs, such as energy. However, research shows that there are significant differences between product categories and businesses.

At the same time, it should be stressed that some consumer surveys show that environmental awareness is, if not always the most important, but an important aspect for the majority of Hungarian consumers. According to some research, sustainability is the second most important choice for almost half of consumers after price, while some consumer groups are looking specifically for environmentally friendly products. This is confirmed by large sample representative surveys (e.g., Eurobarometer) presented earlier.

6. Sustainability related communications in advertising

Advertising is a key part of how companies communicate green claims. The GVH has commissioned the market research company Kantar Media to assess the prevalence and format of green claims in different media types across product categories.

The sample included advertisements published between 2019 and 2023 in the categories of food, household chemicals, cosmetics and clothing products that were included in Kantar Media's database. This covered a total of 51,199 advertisements. From this population, a proportionally stratified sample of 7,000 advertisements was selected for detailed analysis. The sample was stratified according to the number of advertisements published in a given year in a given sector (food, beverages, household goods, beauty, clothing) and in a given media type (internet, out-of-home,[22] radio, print press, television). Each advertisement was also weighted according to the net advertising expenditure. This sampling procedure provides a sample that is representative of the Hungarian advertising market by year, media type and market segment.

The more detailed analysis of the 7,000-item sample focused on the following aspects and questions:

- How is the sustainability message presented (not presented at all; implicitly presented; explicitly presented as additional information; central message of the advertisement)?
- Which component of the product/service is linked to the sustainability claim (product itself is a more sustainable product alternative, raw material used, packaging, production process, logistics, sizing/dispensing)?
- To which area (water use, energy use, carbon emissions, land use, waste production, biodiversity, air pollution, consumption reduction) is the sustainability claim linked?
- Does the sustainability claim require consumer action (e.g., waste separation) or not?

6.1. Content of the advertisements

Overall, 3.1% of the ads in the sample actually contained a sustainability message, 81% of which (175 ads) were related to environmental sustainability. A further 5.1% implicitly conveyed a sense of sustainability without an explicit message. Between 2019 and 2023, this proportion did not change significantly. By product category, 8.2% of all advertisements for household products had some kind of environmental sustainability message, followed by 2.5% for food, 1.4% for beverages, 1.2% for clothing and 2.1% for beauty products.

In terms of the message, 50% of the ads with a green (environmental) claim focused on waste reduction and recycling. Typically, this meant the recyclability of packaging, which often required consumer activism. To make manufacturing processes and products more sustainable, significant changes and investments are required, which only a few companies have undertaken. A further 13% of advertisements containing a green claim were related to the protection of specific species and biodiversity, 11% were related to water conservation, and a further 11% were related to afforestation or sustainable land use. More prominent among these were advertisements for products generally described as environmentally friendly (12%) and green claims for plant-based (vegan) products (10%). (An advertisement could belong to multiple categories at the same time.)
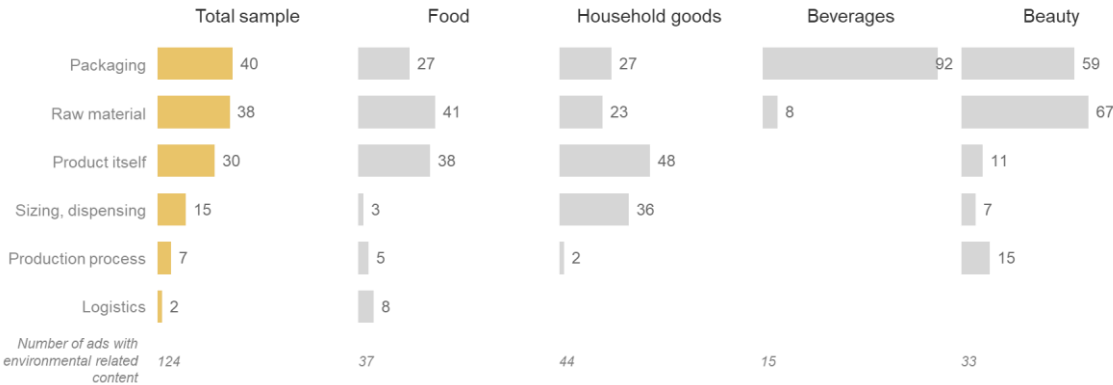
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[22] Out-of-home media: all advertising media in our environment that can be found outside the household, reach everyone, cannot be avoided and cannot be switched off, e.g., billboards, citylight posters, vehicle advertising, public billboards, building nets.

Within product segments, advertisements connected to waste reduction accounted for 90% of beverage advertisements with an environmental sustainability message, so almost all green claims in beverage product advertisements were related to the recycling of packaging (typically glass or plastic). The same proportion was 54% for household products, 53% for beauty products, 43% for clothing and 33% for food.

Green claims may focus on a different parts of the product (packaging, raw material, the product itself, sizing, production process, logistics). This focus varied greatly by product categories as shown in Figure 2. It is apparent that the proportion of messages related to packaging is substantial for food, household products and beauty products and is most prominent for beverages. Sustainability messages in food and beauty products were often linked to the raw materials used, and in the case of food and household products, claims related to the product itself were also more common in advertising. In the case of household products, a significant proportion of advertising was related to sizing and portioning. The production and logistics processes generally constituted a very small part of the sustainability messages.

Figure 2. Breakdown of environmental sustainability advertisements by which part of the product the sustainability claim was connected to (%)

	Total sample	Food	Household goods	Beverages	Beauty
Packaging	40	27	27	92	59
Raw material	38	41	23	8	67
Product itself	30	38	48		11
Sizing, dispensing	15	3	36		7
Production process	7	5	2		15
Logistics	2	8			
Number of ads with environmental related content	124	37	44	15	33

Source: Kantar Media study

In a significant proportion of sustainability-related advertisements, the message was aimed at building an environmentally friendly image of the producer/distributor in addition to the specific product attributes, i.e., focused on the overall environmentally friendly image of the company/brand. In the case of food and beverage products, around 50% of the advertisements was mainly about the image of the company. For household products, 90% of the advertisements was related to a specific product and only 8% to the corporate image (2% had both). In the case of beauty products, 16% were primarily related to the image, 26% to both the image and the product, 58% primarily to the product.

A further research criterion was whether the advertisements presented sustainability as a main or as a complementary message as well as whether it was substantiated. In 43% of the advertisements that contained environmental sustainability messages, the green claim appeared as the main message, in 39% as additional information, and in 24% a logo, symbol or tagline of a prominent certification was presented. (An advertisement could fall into multiple categories.)

The messages could be general or specific, and they could be backed up by evidence. Only 23% of advertisements backed up their message with certificates or research. Within this

category, 72% were supported by certificates, 39% by research results, 6% by the opinion of an external organisation or other methods (more than one method of support was possible). The vast majority of all advertisements (54%) had a specific message, but only in the format of a statement without any supporting evidence, and 23% did not have a specific, explicit message at all, and appeared only as an additional statement in the advertisement.

In many advertisements with green claims, the sustainability claim could only be made through consumer activism. Advertisements with a targeted consumer call to action on sustainability was most common for beverages (43%) and household products (42%). The proportion was lower for food (13%) and beauty products (8%).

6.2. Distribution of advertisements between advertisers

Figure 3 illustrates the percentage of each company's advertisements that had a sustainability message. There is considerable variation by company, with Reckitt Benckiser (18%) showing a particularly high percentage of sustainability messages, with brands such as Vanish, Air Wick and Dettol.

Figure 3. Share of environmental sustainability advertisements among companies with the highest advertising expenditure (%)
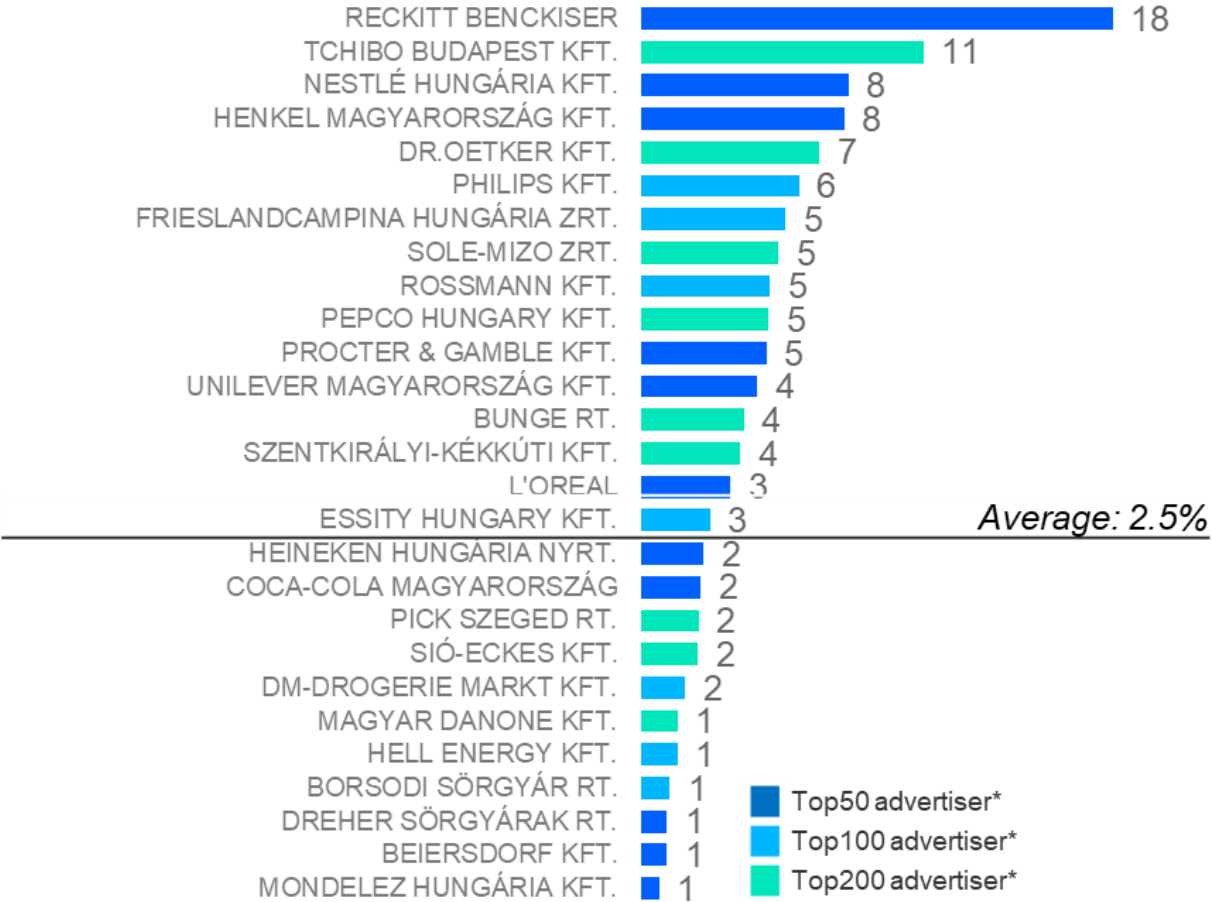
*Based on estimated net advertising expenditure for 2019-2023

Source: Kantar Media study

49% of the (estimated) net advertising expenditure in the product categories surveyed was attributable to companies that did not display any sustainability-related advertising during the period. Of the advertisers that included green claims, the highest net advertising expenditure was generated by Unilever (4.9%), Coca-Cola (4.7%), Henkel (3.7%), Procter & Gamble (3.6%), Nestlé (3.3%) and L'Oreal (3.2%). Figure 3 shows that most sustainability claims are not necessarily linked to the companies with the highest expenditure.

6.3. Distribution of advertisements by product segments and media type

The analysis examined sustainability-related advertisements by product segments. Regarding food, the majority of the advertisements containing a green claim were in the categories of coffee/tea/cocoa (31%), dairy (26%), and corporate image advertisements of food manufacturers (20%). Among advertisers, Nestlé clearly accounted for the largest share of green claim advertising (38%), followed by Dr. Oetker (8%), FrieslandCampina (7%) and Tchibo (7%). In terms of the media used, while 43% of food advertisements with no sustainability content were television and 39% were internet ads, 30% of the ads with sustainability content were television and 57% were internet ads, so internet ads were more prevalent in this group.

In the household goods category, the largest share of advertisements with a green claim came from the cleaning products (65%) and household accessories (33%) categories. The most prominent advertisers were Reckitt Benckiser (13%), Kitchen Shop (12%) and Procter & Gamble (6%). In terms of the media used, while 44% of the non-sustainable household goods ads were television, 40% internet and 6% out-of-home, 23% of the ads with sustainable content were television, 33% internet and 31% out-of-home, so there are different proportions, mainly in favour of out-of-home ads.

For beverage products, most of the advertisements with a green claim were for non-alcoholic soft drinks (76%) and only 24% for alcoholic beverages. Advertisements promoted mineral waters (33%), carbonated soft drinks (24%), beers (24%) and fruit juices (19%). Of the advertisers, Coca-Cola clearly accounted for the largest share of advertisements with a green claim (24%), followed by Heineken (14%), Fonte Viva (10%) and Hell Energy (10%). In terms of the media used, while 43% of the ads without sustainability content were television ads and 39% were internet ads, 29% of the ads with sustainability content were television ads and 52% were internet ads, so the share of internet ads was higher among products with sustainability messages in this product category, too.

The clothing sector had the lowest number of advertisements with sustainability content, with only 1.2% of advertisements containing a green claim either as the main message or as an additional information. These ads were from C&A and Pepco.

In the beauty care sector, the categories with the most sustainability claims were hair care (21%), facial care (18%) and beauty (18%). Among the advertisers, Henkel (21%), L'Oreal (18%) and Unilever (13%) accounted for the largest share of advertisements containing green claims. In terms of the media used, while 42% of the ads without sustainability content were television ads and 39% were internet ads, 55% of the ads with sustainability content were television ads and 24% were internet ads, so in this case the share of television ads was higher.

6.4. Advertisements reminiscent of sustainability content

Finally, Kantar Media has also looked at advertisements that may implicitly convey a sustainability message but does not actually contain such a content. This accounted for 5.1% of

the sample. Their imagery was characterised by the strong use of blue and green as natural colours and the emphasis on different natural elements, vegetation, and natural landscapes. Most of the products included in this category were pet food (13%), confectionery (12%), non-alcoholic beverages (11%), alcoholic beverages (11%) and facial care products (4%). In terms of advertisers, sustainability content was most prevalent in Fressnapf (8%), Ferrero (6%), Mondelez (5%) and Coca-Cola (5%). By brand, the most such content appeared in the advertisements of Fressnapf (8%), Kinder (4%), Milka (3%) and Naturaqua (3%).

Overall, 3% of the advertisements surveyed communicated sustainability-related content in the categories of food, beverages, household goods, beauty and clothing. The focus is most often on waste reduction and recyclable packaging (especially for beverages). This requires less investment, fewer changes and is reinforced by regulation; more resource-intensive changes (e.g., switching to more sustainable ingredients or products, developing environmentally friendly production processes) are less common. Among green claims, building a sustainable brand image was highly emphasised: image ads were extremely common, with two-fifths of ads containing sustainability content focusing exclusively on building an environmentally conscious brand image. Among sustainability-related advertisements, there was a significant need for consumer activation, with every fourth advertisement having a green claim to be made through consumer activism.

Overall, the analysis of advertising shows that messages related to environmental sustainability appeared in only a small proportion of advertisements. According to the sweep and corporate data, these messages appear mostly on websites and packaging. A significant proportion of the claims in advertising relate to product packaging, which is typically not in line with the stage of the product life cycle at which most of the environmental pollution is in fact generated.

7. International experience

7.1. International sweep

A joint investigation by the Consumer Protection Cooperation Network (CPC), a network of national authorities, reviewed the green and sustainability claims used in e-commerce in October and November 2020. In a coordinated sweep, the authorities checked the environmental claims for a total of 344 products and services sold online in different sectors (e.g., textiles, cosmetics, household products) to assess their reliability and clarity.

A large proportion (59%) of advertisements were found not to provide evidence easily accessible to consumers to support the claims. 37% of the advertisements suggested misleading claims that the company's activities have no negative impact on the environment or only positive impacts are present. The investigation also found seven advertisements that falsely claimed to be supported or endorsed by an environmental certification organisation.

Overall, 42% of the claims are suspected to be false or misleading. On the positive side, the language of the claims was clear in 76% of the cases.

At the same time as the European investigation, the International Consumer Protection and Enforcement Network (ICPEN), an international network of consumer protection organisations from 65 countries, carried out a similar audit and reported similar trends.[23]

7.2. Key findings of the Dutch competition authority's study on green claims and its recommendations

In a 2022 study,[24] the ACM sought to answer questions about how consumers interpret sustainability claims and their impact on their purchasing decisions. The study focused on sustainability-related labels (logos).

The study revealed that Dutch consumers have a very limited knowledge of sustainability labelling. Although the majority of survey respondents were familiar with some logos, they were mostly unaware of what they meant, which organisation had issued them, or who verified that the product met the requirements. Dutch consumers felt that if they had more information about the real meaning of the logos, they would use the additional information gained more often when making their purchases.

The ACM study also looked at how sustainability labels can be presented in a clear and easily understandable way. The Dutch experts concluded that consumers value information that is presented in a primarily visual way. Of the possible solutions, the most popular was a method that presented sustainability aspects along a colour code (similar to energy consumption labels on electronic products).

As only a quarter of Dutch consumers were confident in their knowledge of the logos, the study concluded that these logos are not suitable in their current format for making informed transactional decisions. The Dutch authority concluded that more information about the labels should be available on products itself to enable consumers to take environmental considerations into account while shopping.

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[23] https://icpen.org/news/1147 (downloaded 12 December 2023)
[24] https://www.acm.nl/nl/publicaties/onderzoek-naar-de-invloed-van-duurzaamheidskeurmerken-op-consumenten (in Dutch) (downloaded 12 December 2023)

Following the study, the Dutch authority published its five recommendations on sustainability claims in June 2023.[25] These are:

1. Use correct, clear, specific and complete sustainability claims
2. Substantiate your sustainability claims with facts, and keep them up-to-date
3. Make fair comparisons with other products or competitors
4. Describe your future sustainability ambitions in concrete and verifiable terms
5. Make sure that visual claims and labels are useful to consumers, not confusing

The ACM's 2023 research[26] examined how consumers respond to claims that are made correctly (i.e., allowed under ACM's guidelines) and incorrectly (i.e., prohibited under ACM's guidelines) for a total of eight sustainability claims. While consumers were more likely to understand correct sustainability claims, incorrect claims sometimes created a more-sustainable product image and higher purchase consideration. At the same time, consumers almost always perceived the correct claims as more credible.

7.3. Key findings of the UK competition authority's study on green claims its recommendations

Following the international actions described earlier, and its own investigation into the clothing industry, the CMA has developed its Green Claims Code,[27] which sets out six key principles around which businesses can communicate fairly and clearly about sustainability. These are:

1. Be sure claims are truthful and accurate. Businesses must live up to the environmental claims they make about products, services, brands and activities.
2. Be sure claims are clear and unambiguous. The meaning consumers are likely to take from a claim and the environmental credentials and impacts of the product, service, process, brand or business should match.
3. Be sure claims don't omit or hide information. The absence of any significant information should not prevent an informed decision.
4. Only make fair and meaningful comparisons. Comparisons should enable consumers to make informed choices about competing products and businesses or between different versions of the same product.
5. Substantiate any claims made. Businesses should hold robust, credible, relevant and up-to-date evidence that supports them.
6. Consider the full life cycle of a product. Businesses should always consider the effect of the total life cycle of a product or service, or of their overall activities, on the accuracy of their claims. If the claim focuses on only one aspect and not the overall impact, it can be misleading.

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[25] https://www.acm.nl/en/publications/guidelines-sustainability-claims-0 (downloaded 12 December 2023)
[26] https://www.acm.nl/en/publications/study-consumers-perceptions-sustainability-claims (downloaded 4 January 2024)
[27] https://www.gov.uk/government/publications/green-claims-code-making-environmental-claims/environmental-claims-on-goods-and-services (downloaded 12 December 2023)

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