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Title:

Seeing Green: Prevalence of environmental claims on social media

Date:

2023-11-21

Citation:

Gupta, C., Bagnara, J., Parker, C. & Obeid, A. K. (2023). Seeing Green: Prevalence of environmental claims on social media. Consumer Policy Research Centre and ARC Centre of Excellence for Automated Decision Making and Society.

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SEEING GREEN



Prevalence of environmental claims on social media

SEEING GREEN

CPRC

The Consumer Policy Research Centre (CPRC) is an independent, not-for-profit, consumer think-tank established by the Victorian Government in 2016.

CPRC aims to create fairer, safer and inclusive markets by undertaking research and working with leading regulators, policymakers, businesses, academics and community advocates.

ADM+S

The ARC Centre of Excellence for Automated Decision-Making and Society (ADM+S) brings together universities, industry, government and the community to support the development of responsible, ethical and inclusive automated decision-making. Funded by the Australian Research Council (ARC) (CE200100005) from 2020 to 2027, the ADM+S Centre is hosted at RMIT in Melbourne, Australia, with nodes located at eight other Australian universities and partners around the world. This report is based on data collected and analysed by researchers at the QUT and University of Melbourne nodes of the ADM+S working with the Australian Ad Observatory.

Acknowledgements

Report authors: Chandni Gupta, Julian Bagnara, Prof Christine Parker, Dr Abdul Karim Obeid
CPRC thanks Dr Loup Cellard, Prof Fiona Haines and Prof Daniel Angus for their time, expertise and advice.
CPRC is responsible for the views in this report, including any errors or omissions.

Statement of Recognition

CPRC and ADM+S acknowledge the Traditional Custodians of the lands and waters throughout Australia. We pay our respect to Elders, past, present and emerging, acknowledging their continuing relationship to land and the ongoing living cultures of Aboriginal and Torres Strait Islander Peoples across Australia.

Published by Consumer Policy Research Centre and ADM+S
cprc.org.au | admscentre.org.au

Gupta, C., Bagnara, J., Parker, C., Obeid, A.K., Seeing green - Prevalance of green environmental claims on social media, November 2023

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Introduction

Striving towards improved environmental outcomes is a worthy and common practice among businesses today. It is an aspect that consumers genuinely value as each of us aim to play a role in reducing waste and our own impact on the environment we live in. As a business pivots towards more environmentally friendly outcomes, it is natural that it would want to promote its efforts. After all, delivering better environmental outcomes through a product or service can be one of the many unique value propositions that sets a business apart from its competitors. However, what is being said in the name of marketing, and how easy is it for consumers to decipher between a genuine environmental claim and greenwashing?

This report aims to highlight the plethora of environmental claims that are made via social media advertising – a common avenue for consuming advertising of any form, including on environmental products and services.¹ The analysis in this report is based on data collected by researchers working with the Australian Ad Observatory, a project of the Australian Research Council (ARC) Centre of Excellence for Automated Decision-Making and Society (ADM+S). For the purpose of this report we used the Ad Observatory to collate a dataset of social media ads that included environmental claims, consisting of 8,963 unique and separate ads which were observed more than 30,000 times in participants' Facebook feeds ('the Australian Ad Observatory green ads collection' or 'green ads dataset'). This collection of green ads highlights the diversity and frequency of green claims that a consumer experiences. The report does not intend to verify each of the claims nor analyse the accuracy of the claims. It is intended to highlight the volume and breadth of green claims that consumers experience through social media.

Through this analysis, it is clear that environmental terminology has no common meaning. Similar terms are used in a variety of ways. The same environmental term is used differently by multiple businesses with different meanings. Some social media ads provide succinct details to support an environmental claim, while in other ads it is difficult

to ascertain the accuracy of the claim. Colour appears to play an integral role when combined with imagery through the use of green, blue and beige hues, implying an environmental benefit that may or may not exist.

The prevalence of emojis in social media advertising can exaggerate an environmental claim that may otherwise not exist. Emojis such as the Möbius loop (♻️) and nature symbols (leaves 🌿, earth 🌍) were frequently identified across this advertising dataset. The Möbius loop is often used in ads of products and services that may or may not be recycled or made from recyclable materials. While an emoji may seem arbitrary in isolation, when used in conjunction with specific colours, imagery and environmental claims, it may imply an environmental outcome that may or may not be accurate.

The analysis highlights that regulation and guidance are needed to help achieve a shared understanding of common environmental claims that businesses are making. Other jurisdictions such as the European Union (EU) are proposing legislation to ban and define specific environmental claims so that when businesses make such claims, there is genuine weight and validity behind them. Australia could go a step further and ensure regulators have the power and tools to add to an evolving 'blacklist' of terms, which will assist many businesses that are legitimately transitioning towards more environmental processes, products and services.

Lastly, some high-polluting sectors and businesses should be prohibited from advertising any form of environmental claim since their business models and practices arguably contradict positive environmental contributions.

Australians deserve to see environmental claims they can trust, which can help them make meaningful choices towards better environmental outcomes, and it starts with advertising that is meaningful and evidence-based.

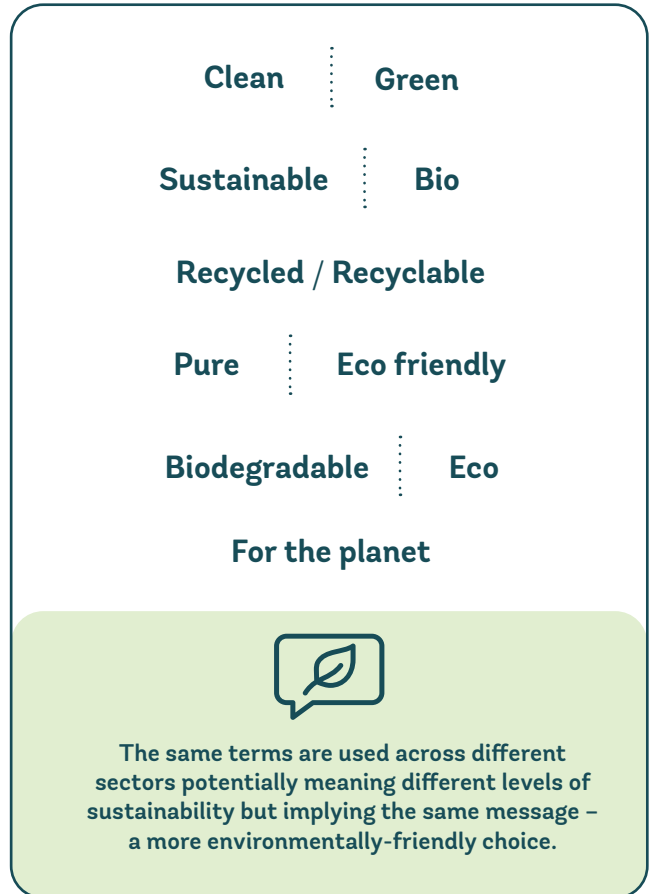
Key insights

Up to 40 commercial sectors were identified as making environmental claims via their social media ads.

Top 5 sectors making the most environmental claims in their social media advertising:



Top 10 most frequently observed terms:



An environmental claim in an ad can range from being about the product to the product packaging. But in some cases, it is neither. It can be just about the shipping box it arrives in!



Individual businesses are setting the expectation of what an environmental term means – it is not a shared understanding.

Key insights (Cont.)

Colour appears to play a significant role in ads promoting an environmental claim. Three most prominent colour palettes include:

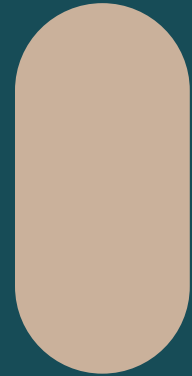
Flora Greens



Ocean Blues



Earthy Beige



Five most prominent sets of emojis observed in captions of ads making an environmental claim:



Green tick



Leaf emojis



Earth symbols



Möbius loop



Sun



The Möbius loop emoji is often used without context on recyclability or recycled materials in the caption or imagery.

Methodology

This report is a collaboration between researchers from the University of Melbourne and Queensland University of Technology (QUT) nodes of the Australian Research Council (ARC) Centre of Excellence for Automated Decision-Making and Society (ADM+S) and the Consumer Policy Research Centre (CPRC). The analysis in this report is based on data collected via the Australian Ad Observatory – a project of the ADM+S. The Australian Ad Observatory aims to improve the observability of targeted online advertising in Australia.² To date it has captured more than 300,000 advertisements (ads) donated by approximately 2,000 ‘citizen scientists’ from their Facebook feeds, via the installation of a browser plug-in since 2021.

The Australian Ad Observatory has created a unique dataset that facilitates the observation of online advertising that would otherwise be very difficult to monitor. Online advertising is difficult to hold accountable because it is ephemeral, meaning ads appear and disappear and are not publicly archived. As online advertising is personalised, ads can often only be observed by the individuals to whom they are targeted.

Data collected via the Ad Observatory’s browser plug-in include ad meta-data and Facebook’s interest codes for targeting. Participants also provide some demographic information when they sign-up to the Ad Observatory, but otherwise remain completely anonymous. The content of the Facebook ad such as static images and videos have been analysed using techniques such as Optical Character Recognition (OCR) and You Only Look Once (YOLO) Logo detection, to produce additional text or metadata.

For the purpose of this report we used the Ad Observatory to collate a dataset of Facebook ads of products and services making a specific environmental claim. To achieve this, we used a series of search terms designed to surface a diversity of green claims in ads based on previous CPRC research. To ensure the ads captured under the dataset did not contain false positives, the dataset underwent significant manual cleaning to flag and remove ads that contained keywords but were not making an environmental claim (e.g. ads with phrases such as ‘develop a sustainable career model’).

This process identified **8,963** separate ads, that would be otherwise publicly unobservable on participants’ Facebook feeds (i.e. researchers cannot observe the automated model that serves the ads, which means the ads are only visible to the individual who was served the ad and only for a moment in time). These **8,963** ads were observed **30,420** times by **832** of the Ad Observatory’s citizen scientists between December 2021 and December 2022. Ads within the dataset were also coded by industry and identified as either commercial or non-commercial (e.g. Environmental NGOs or Government departments). Approximately one-third of the advertisements were classified as non-commercial and are excluded from the subsequent analysis, leaving a dataset of **n=20,102** impressions of commercial ads with green claims (‘the Australian Ad Observatory green ads collection’ or ‘green ads dataset’).

Advertisers on social media have the option to publish a single ad to a wide audience, publish several ads or minor variations of an ad (which makes them unique ads) but target a smaller audience set. Therefore, the analysis in this report refers to the number of ad impressions (this includes same ads viewed multiple times) as this relates to the number of times people actually saw green claims in their feed. This is a more accurate reflection of the consumer experience of green claims on social media than the number of unique ads as such. Using number of impressions as a unit of analysis can more effectively account for the variance in social media advertising strategies.

Australian Ad Observatory demographics

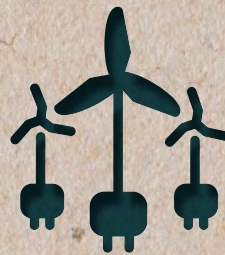
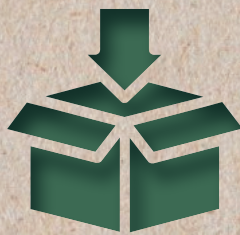
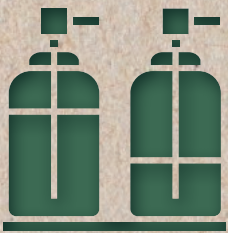
The overall Ad Observatory dataset includes contributions from over **2,000** citizen scientists. The Australian Ad Observatory mirrors the demographics of the ABC Digital News population – the project’s main referral point. The Australian Ad Observatory’s user population is approximately at par with the age and gender distribution of Facebook’s Australian audience but under-represents females under 45 and over-represents males over 55. As a result, there is limited analysis in the report that is specifically demographic-related.

Analysis

The ADM+S researchers from the Digital Media Research Centre at QUT created the Australian Ad Observatory, collected the data and created the uncleaned dataset in collaboration with the University of Melbourne researchers. The ADM+S researchers from Melbourne Law School at the University of Melbourne cleaned the data and devised initial insights. CPRC and the researchers from Melbourne Law School have collaborated on specific insights from the data analysis that have been highlighted through this report. As part of developing this report, CPRC has analysed the insights through a policy lens, building on its previous research into consumer attitudes towards green claims.

CPRC has used images and captions from the dataset in this report as examples to highlight the types of marketing claims consumers see on social media. The analysis is regarding the quality of the information provided in the ads, not on the environmental bona fides of the product or company making these claims.

ENVIRONMENTAL CLAIMS BY SECTOR AND FREQUENTLY USED TERMS



Environmental claims by sector

When it comes to promoting environmental benefits of a product or service on social media, there are players across almost every commercial sector. It is clear businesses are leaning into sustainability and see the value of stating their contribution towards better environmental outcomes across media. For a consumer, however, it is difficult – if not impossible – to differentiate between a genuine claim and a claim for marketing’s sake.

Up to 40 commercial sectors were identified across the dataset (Figure 1).

The top five sectors making the most environmental claims in their social media advertising are:



Many of the above categories are in line with CPRC’s 2022 research, where consumers reported household and cleaning, energy retailers and general groceries to be the top three sectors in which they recalled having seen the most green claims.³

Other sectors making environmental claims via social media include food and beverage, gardening and mining.

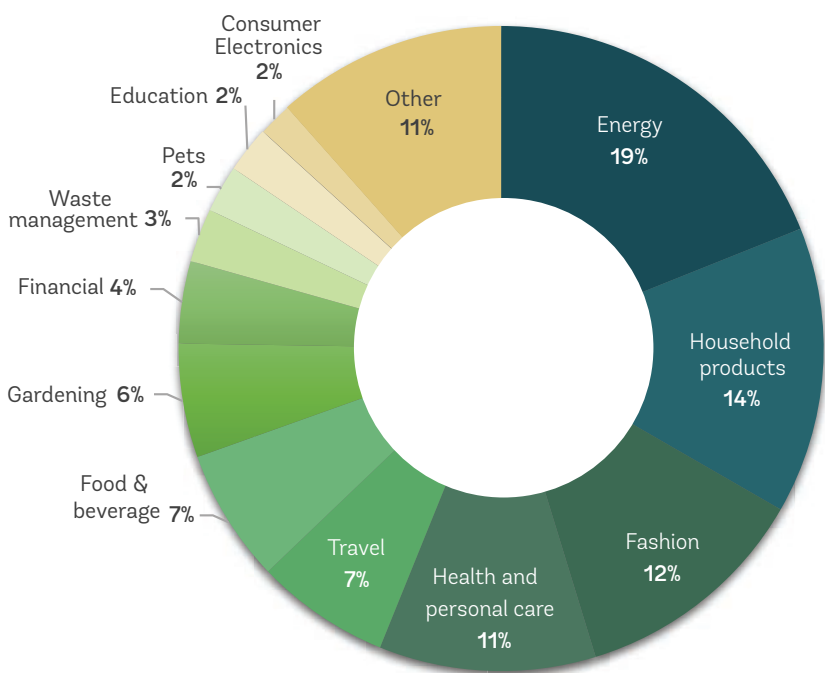


Figure 1: Industry breakdown based on presence of green claims on social media advertising (n=20,102 impressions)

Note: Percentages shown are percentage of ad impressions where the total number of impressions is 20,102. The ‘Other’ category includes sectors such as Media, Motor vehicle, Pest control, Home construction & renovation, Jewellery, Packaging, Industrial products, Deathcare, Zoos, Agriculture, Children’s products, Commercial laundry services, Corporate services, Infrastructure, Insurance, Mining, Music, Real Estate, Stationery & Office, Technology products & services (including video games) and Telecommunications

Energy

More than **3,800** impressions of social media ads were identified within the energy sector. Advertising claims on offsets and forecasting future environmental goals were prominent, especially among energy retailers (Figure 2), implying businesses are implementing pro-environmental strategies. However, at present, claims are not easily verifiable thereby making comparisons between energy providers' claims fraught. Consumers are forced to choose between accepting claims at face value or committing to personal deep-dive research; neither option is helpful nor in the best interests of consumers. For example, some energy ads make reference to carbon offsets in the absence of any specific detail. Other ads claim that the retailer is 'greener' but without providing any detail on comparisons, posing the question 'greener than what?'.

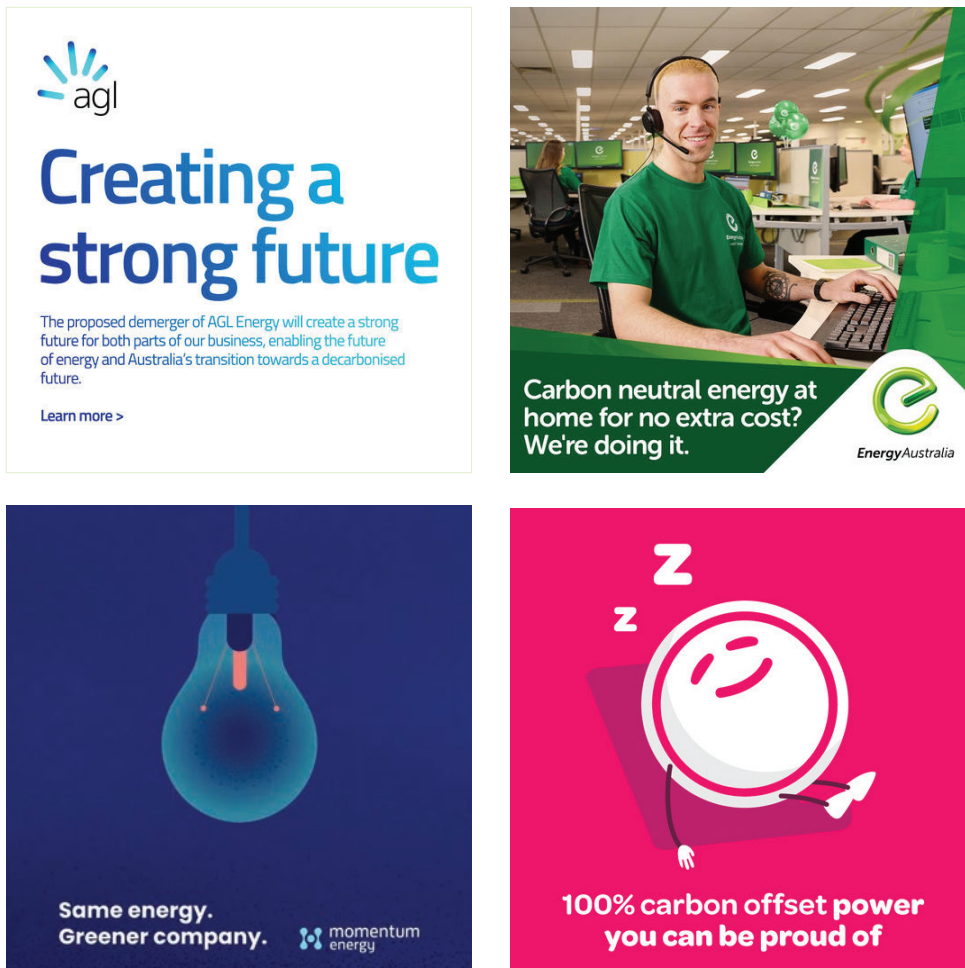


Figure 2:
Energy retailer social media advertising featuring green claims

Household products



From whitegoods to kitchen and bathroom cleaning products, the array of advertising in this category is varied and vast (Figure 3). In particular, the use of green claims when advertising household products strongly imputes a sense of obligation on individuals to make environmentally-friendly choices to 'do their part' in combating climate change. Many household product ads aim to nudge consumers towards an alternative product choice by:

- suggesting that individuals are doing environmental harm by their existing product choices
- recommending a brand's product as an alternative, sustainable swap
- claiming the advertised product has a superior level of durability or longevity, and
- stating the advertised product's biodegradability or recycling capacity.

References to terms such as 'plastic', and variations on the words 'compost', 'eco' and 'sustainable' were prominent throughout the nearly 2,900 impressions of ads within this category.

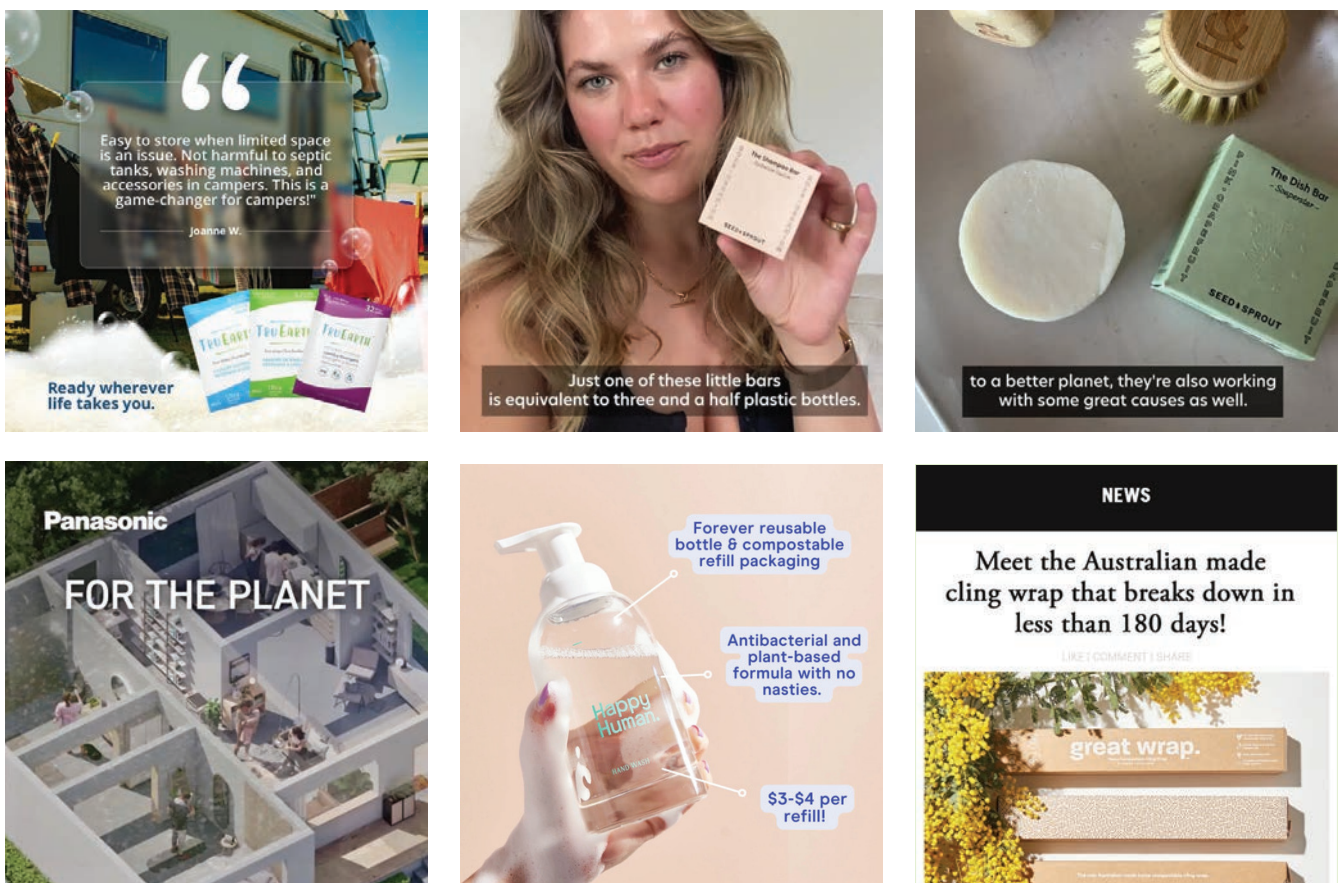


Figure 3: Examples of environmental claims in social media advertising for household products

Packaging

It's what's on the outside that counts



The term 'plastic' featured mainly in kitchen and cleaning products with many advertisers making green claims, not just about the product, but about the product's packaging (Figure 4). This included whether packaging:

- could be recycled
- was made from recyclable materials, or
- could be compostable or biodegradable.

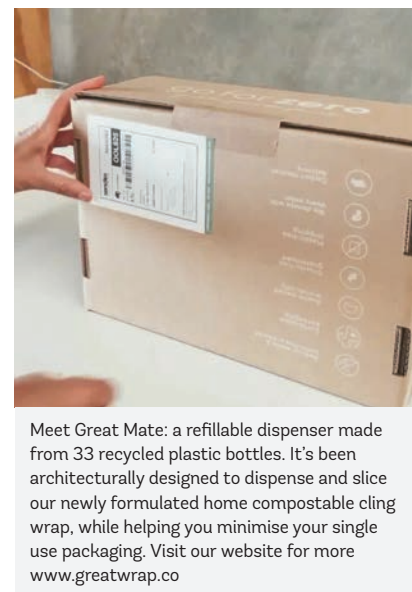
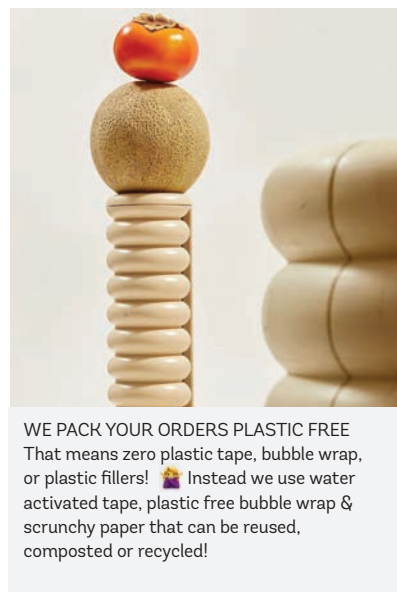


Figure 4:
Examples of environmental claims related to packaging of household products

Claims about packaging can conflate green claims and also cause consumer confusion, especially in terms of next steps that a consumer may need to take to complete the sustainability journey. It can be unclear:

- how or what part of a product can be recycled
- whether it can be done simply by using the recycling bin at home provided by councils, or will need to be deposited at a particular facility, and
- whether a product or packaging made from recyclable products can be further recycled and if so, how.

In terms of compostability or biodegradability, with the exception of products that can simply be added to a garden bed, there is often little to no clarity on how the claim can be achieved.

Fashion



More than **2,400** impressions of social media ads were specifically identified from businesses within the fashion sector. Skewed mostly towards women, the focus of ads within this category is mostly on how products are made or sourced (Figure 5). Variations of the terms ‘sustainable’ and ‘recycle’ appear to be among the most frequently used. Businesses not only use imagery for product placement but also for green-claim placement. This ensures the image alone suggests the more virtuous option for the consumer to choose the seemingly more ‘sustainable’ product. These claims however, are often too broad or would be impossible for the consumer to verify in the absence of more information.

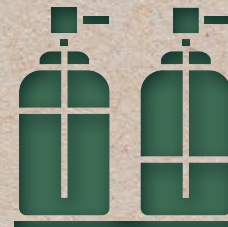


Figure 5:
Examples of claims made on the imagery of fashion social media ads

<p>Designed for comfort, produced in a Green-powered off-grid Australian studio, made with ethics - certified by Ethical Clothing</p> <hr/> <p>In fact, we've created the most comfortable 100% completely compostable underwear that is carbon positive and 100% Australian made.</p> <hr/> <p>Experience sustainable luxury.</p>	<p>It's the softest, most sustainable way to be period prepared.</p> <hr/> <p>Our one-of-a-kind bowls are made in Kenya with fair wages, local sourcing and sustainable production.</p> <hr/>
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Figure 6:
Example of claims made within the captions of the fashion ads

Health and personal care



With more than **2,000** impressions of social media ads identified in this space, the focus, similarly to household products, is on making green claims on both the product and its packaging (Figure 7). Observed ads were often related to refillable or compostable packaging.



Figure 7: Examples of environmental claims made via images of refillable or reusable products and packaging

In some cases, the green claim is not even about the direct packaging of the product, but the package in which it is shipped. For example, many of the ads from the beauty retailer MECCA note 'sustainable packaging', relating to MECCA's shipping boxes and packaging materials used for online orders. The lack of clarity is further exacerbated as claims are accompanied by imagery showcasing products, many of which would unlikely meet requirements for recycling via council-provided recycling bins at home (Figure 8). When a brand fails to provide adequate detail on the scope of their environmental claim, such claims can create a 'halo' effect across the range of their products and services, that may lead to inflating consumer perceptions of the business' environmental focus.



Figure 8: Example of products shown on MECCA's ads that claim 'sustainable packaging' but relate to postage packaging.

Travel



More than **1,300** impressions of social media ads were identified in the travel sector. Businesses in this category rely heavily on nature photography to emphasise the environmentally-friendly nature of choices available to consumers (Figure 9).

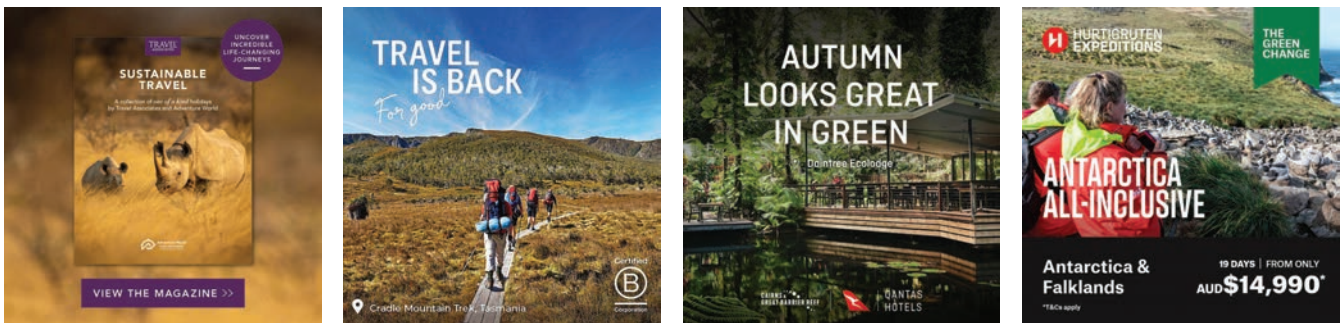


Figure 9:
Examples of travel-based green claims

Variations of the terms ‘sustainable’, ‘environment’, ‘green’, ‘nature’ and ‘planet’ appeared most frequently across the travel ads dataset. The variety of circumstances in which these terms are used may contribute to ambiguity and varied levels of consumer understanding of their meanings. For example, ‘sustainable travel’ could mean learning about sustainable initiatives, or provision of a sustainable service that may be delivered as part of a broader package. The term is often used in such a vague manner that it is difficult to pinpoint what aspect of the travel experience is being claimed as sustainable (Figure 10).

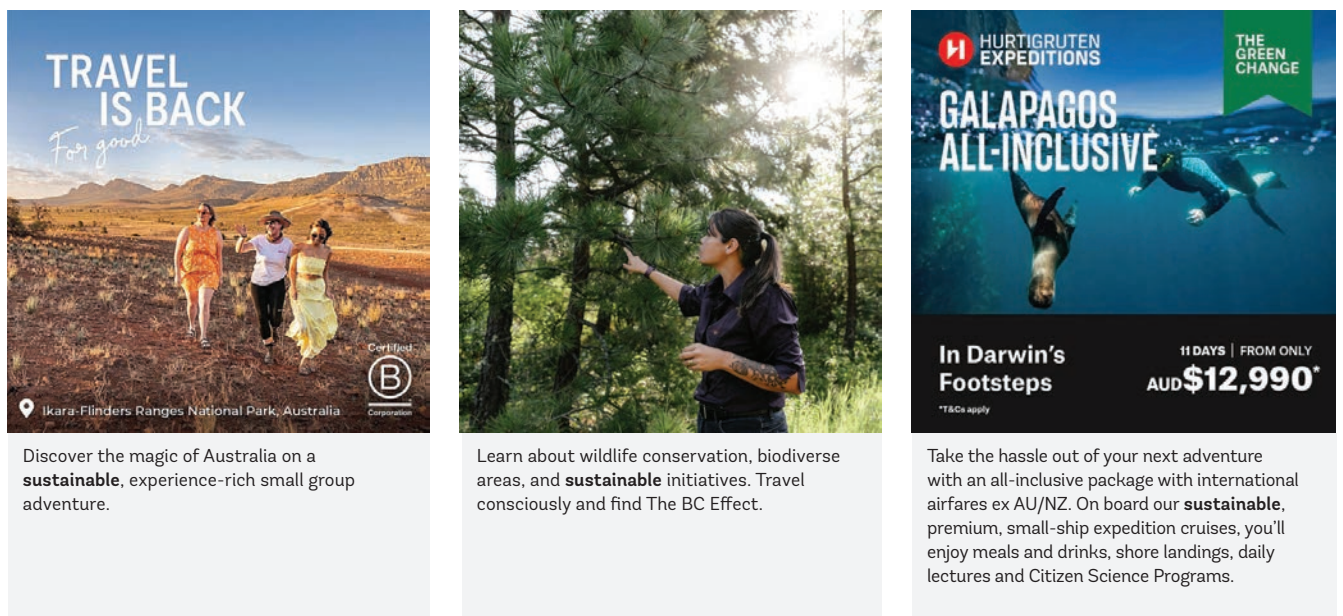


Figure 10:
Examples of the varied use of the term sustainable across travel ads

Frequently used green claim terms

When analysing the frequency of common terms, the top three terms identified were ‘clean’, ‘green’ and ‘sustainable’. This was followed by variations of the terms commencing with ‘recycl’ (i.e. recyclable or recycled), the terms ‘bio’, ‘pure’ and ‘eco-friendly’ (Figure 11).

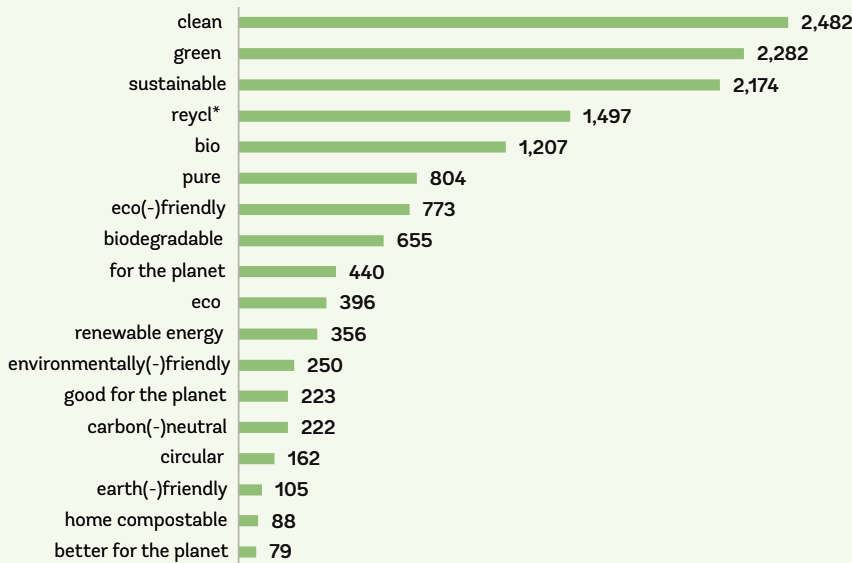


Figure 11: Most frequent environmental claims found in Australian Ad Observatory (by number of ad impressions - n = 20,102 impressions)

As an example, the term ‘clean’ is used across different sectors but often has the same inference – a more environmentally friendly choice (Figure 12). An ad can show imagery of mining but if it includes ‘clean tech’ in the caption, this can appear more environmentally friendly to the consumer. Businesses appear to use green claims in creative ways based on varying definitions, all the while aiming to capitalise on enhancing consumer perceptions of their environmental focus.

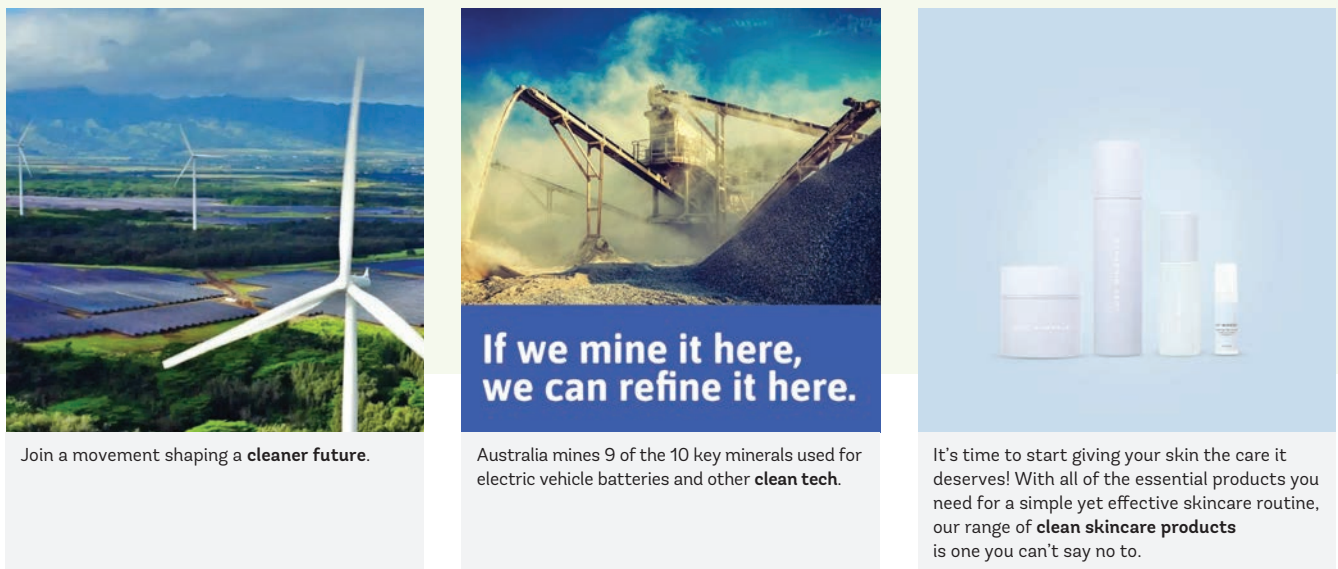


Figure 12: Examples of the varied use of the term clean across social media ads

The varying circumstances and ways in which environmentally suggestive terms are used can lead to consumer confusion. It can be difficult to make meaningful comparisons when choosing one product or service over another. CPRC’s previous research confirms that consumers are worried that many green claims they see are not true.⁴ When there is such a high level of variation and lack of standardisation for how the same term is used in different green claims, it is no surprise that consumers are concerned about the truthfulness of such claims made by businesses.

USE OF COLOUR & EMOJIS



The many shades of green claims - use of colour

While language and imagery can play a key role in implying that a product or service is better for the environment, a colour palette with environmental connotations, in combination with other messages, can also imply environmental benefits. Referred to as ‘executional greenwashing’, use of particular colours and imagery can imply an environmental impact that may or may not exist or cannot be easily verified.⁵

The ACCC draft guidance on environmental and sustainability claims also notes that colours such as blue and green can have ‘environmental connotations’.⁶ There were three colour palettes that were commonly identified in the ADM+S advertising dataset: green (Figure 13), blue (Figure 14) and beige earthy tones (Figure 15). These three colours are also recognised as the most frequently used in “manipulative advertisements regarding sustainability”.⁷

Flora greens

The colour green in the advertising dataset was often depicting nature in some form, but was also used as the backdrop, or was the colour of the advertised product. The green colour palette predominantly appears to range approximately from Pantone 317 to Pantone 378 and Pantone 553 to PMS 583, covering the wide range of lighter green hues to deep green ones. Research on the colour green confirms that consumers often associate the colour with better environmental outcomes.⁸

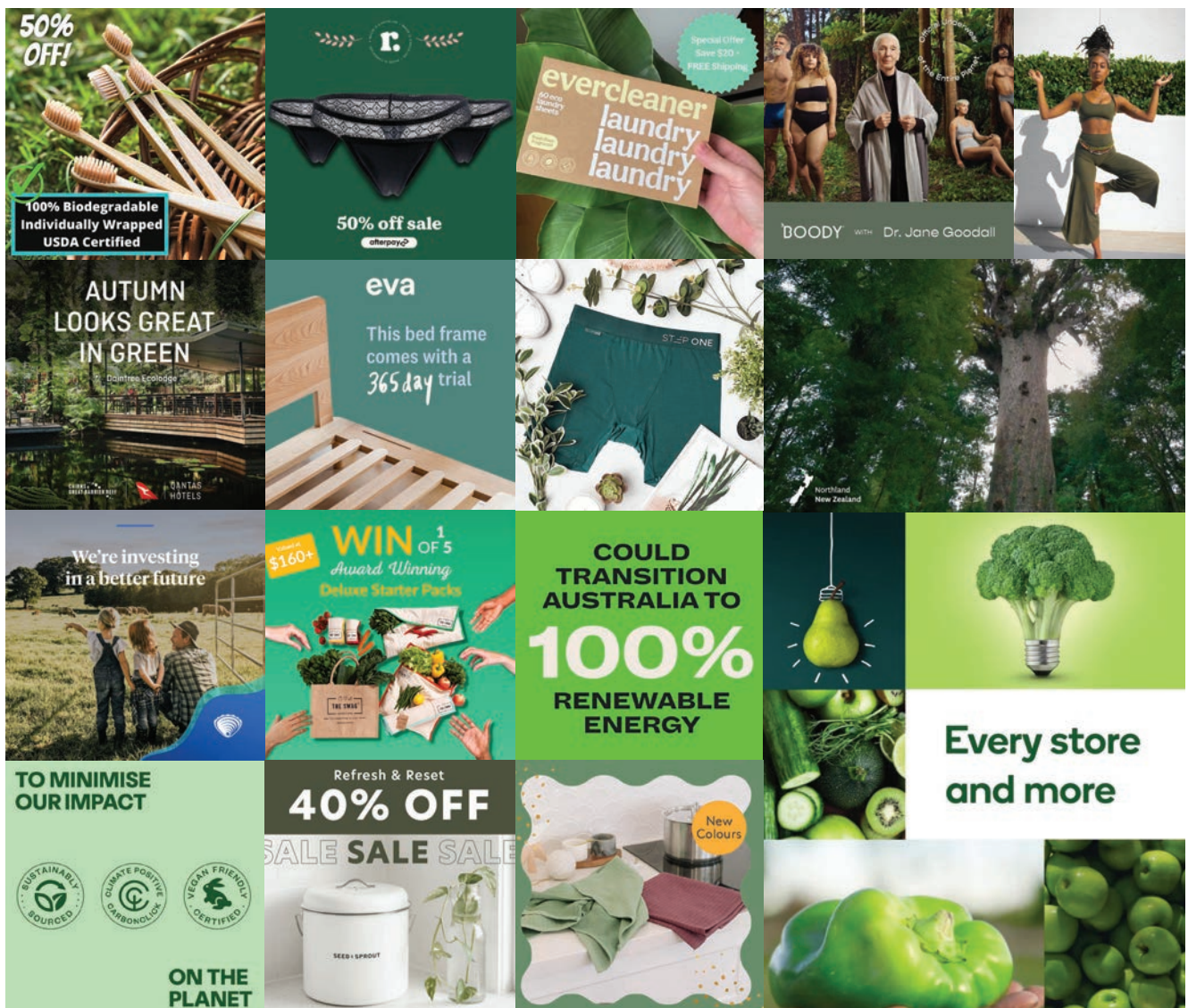


Figure 13: Examples of advertising using shades of green

Ocean blues

The colour blue is another prominent pigment used in many of the ads within the analysed dataset. The blue colour palette appears to range approximately from Pantone 629 to Pantone 662 (lighter blues to royal blue) and Pantone 277 to Pantone 311, ranging from lighter blues such as cerulean to deep navy-based colours. However, similar to use of the colour green, blue is also used as a backdrop, or is the colour of the product being sold.

Use of blue can have a two-tiered effect. The colour has been shown to be linked to increased trust.⁹ When overlaid with representations of blue aspects in nature such as oceans and skylines, it can enhance the narrative of a product or service having an environmental benefit.

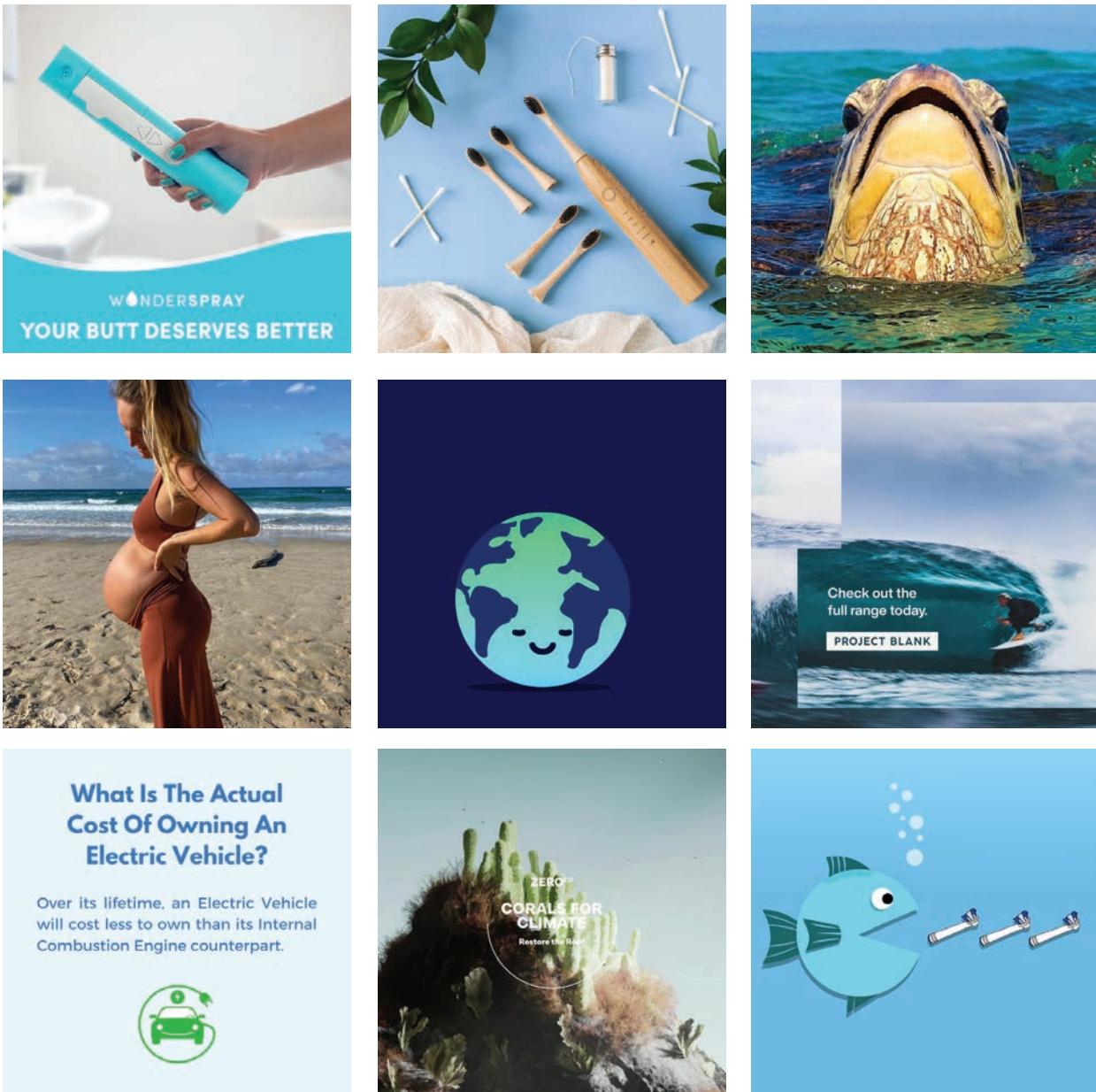


Figure 14:
Examples of advertising using shades of blue

Earthy beige

Various tones of beige frequently appeared across the dataset. The beige colour palette ranged from approximately Pantone 139 to Pantone 160 (golden earthy tones) and Pantone 712 to Pantone 732 (light beige to deep browns). Similarly to the colour green, the ads featured the colour as either the background or the product itself. The imagery can imply the product is 'straight from nature' and that it is possibly less processed with natural dyes and absence of no artificial materials.¹⁰

Research within food marketing has shown consumers' perception of packaging with natural colours is often linked to the product being more 'healthy' and a better choice for consumption.¹¹ It can lead to consumers being willing to pay more for the product. Applying the same insights into environmental claims, the natural hues have the potential to also imply a 'better choice for the environment'.

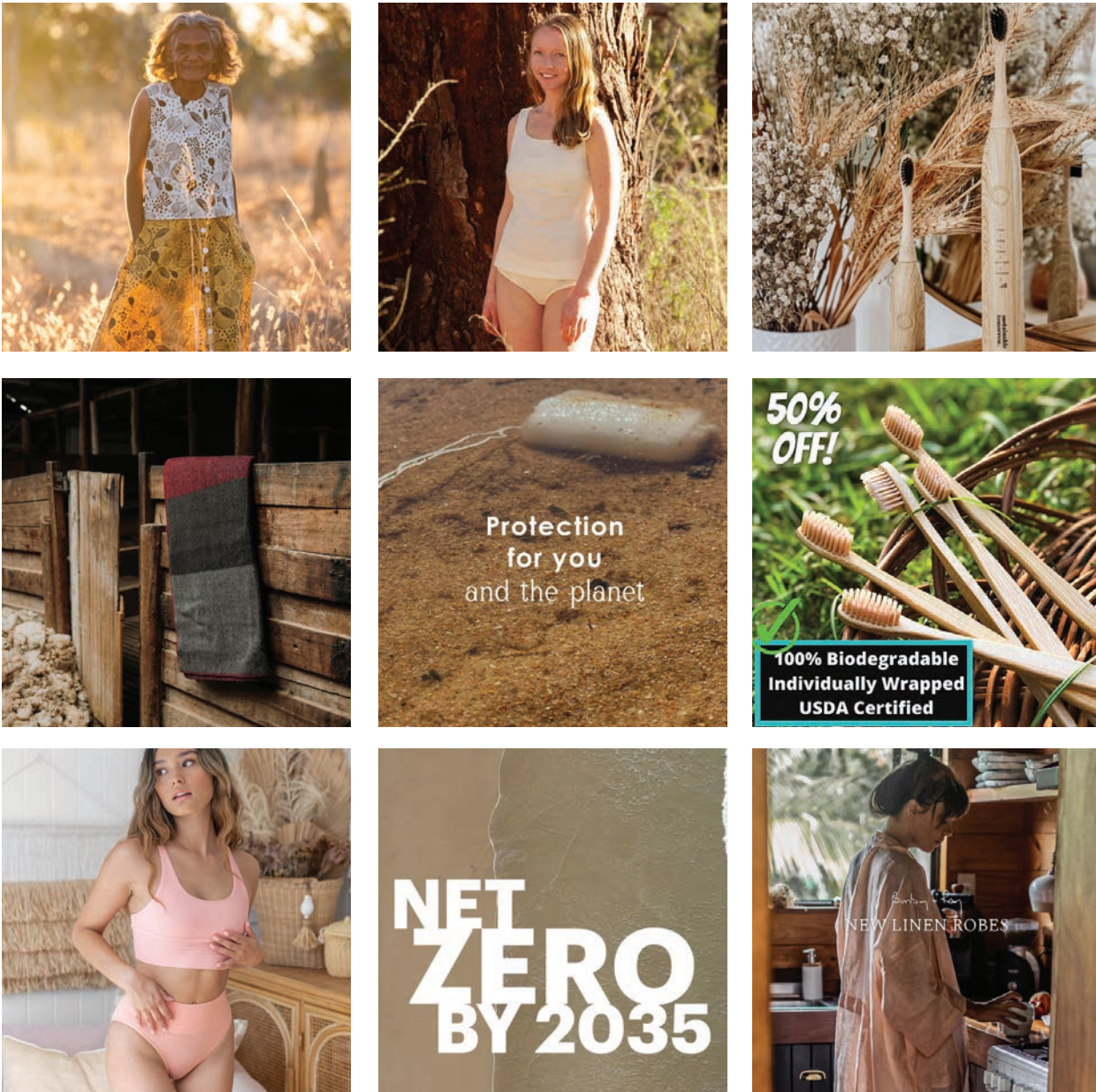


Figure 15:
Examples of advertising using shades of beige

Emojis say a thousand words

The use of emojis, while generally trending upwards over the past decade, has specifically become a prominent feature on social media, including in advertising on social media platforms. The five most prominent sets of emojis found in the dataset included the green tick, leaf emojis, Earth symbols, the Möbius loop and the sun (Figure 16). The top five all lean heavily towards implying some form of environmental benefit.

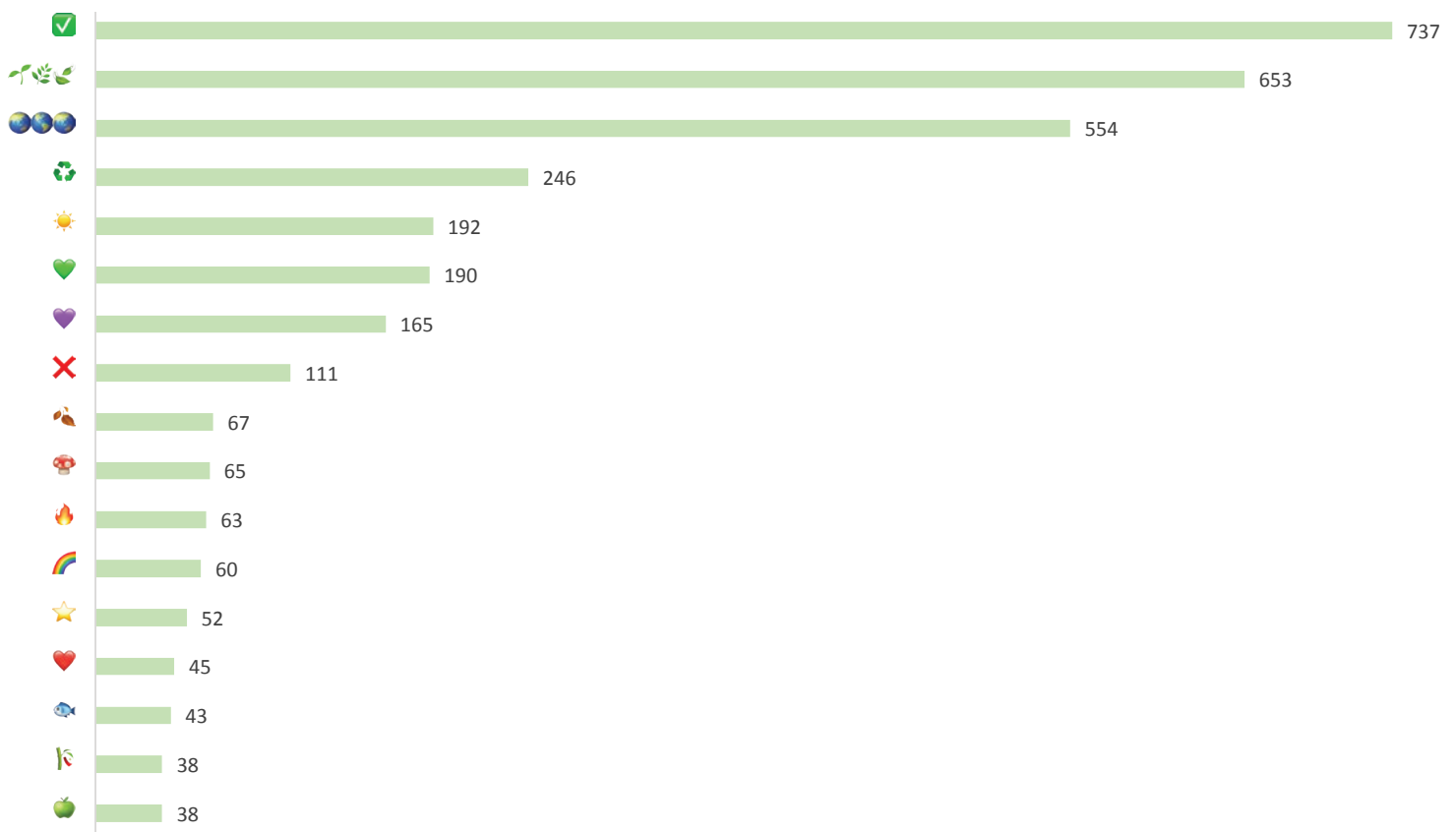


Figure 16: Frequency of emojis observed within green ads in the Australian Ad Observatory (by number of ad impressions with emojis) (n = 20,102 impressions)

The use of the Möbius loop emoji may enhance consumers' perceptions of a product's recyclability. This recycling symbol is intended for when a product is recyclable or is made from recycled materials.¹² Some advertising using the Möbius loop emoji confirms how the product meets that claim (Figure 17). However, several examples using the Möbius loop emoji in the advertising caption provided no context in the caption or imagery, leaving out necessary detail about the product's composition or recyclability (Figure 18).

OLD ME





- Ends Up In Landfills & Oceans
- Toxic Plastic Packaging
- Cheap Bristles & Less Effective

NEW ME





- 100% Recyclable
- Biodegradable Packaging (Plastic-Free)
- Charcoal Infused Bristles & More Effective


100% RECYCLABLE BRUSH HEADS for Oral-B & more  Eco-Friendly Brush Heads for your Oral-B/ Braun Electric Toothbrush. When you're done with them, simply send them back to us for assured recycling.





100% recycled frames. Made in Sydney.

We're doing our part to Untrash the Planet by turning single-use plastic bottles into recycled sunglasses  Frames 100% recycled from plastic bottles  Premium quality Carl Zeiss lenses Made in Sydney... 

Figure 17: Use of the Möbius loop emoji with information on how it meets the claim



Welcoming 'Euphoric'. Utilitarian and vintage inspired designs consciously created with sustainability front of mind  Available online now. Free Express Shipping Over \$100



I CAN'T BELIEVE IT. IT ACTUALLY WORKS!


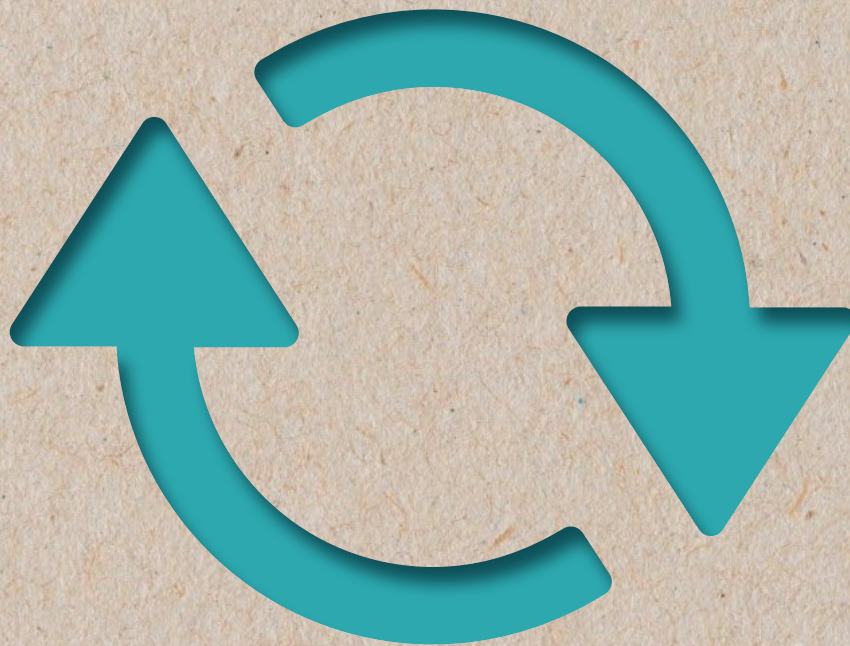
Affordable, natural, and sustainable cleaning products.  Our range of products keeps your home sparkling clean without the toxic chemicals hidden in store-bought products. Plus, your reusable cleaning bottles and refill packets are shipped directly to your door, so you never have to worry about shopping for them again. Bundle products and save! Shop now.... See more

Figure 18: Use of the Möbius loop emoji without information on how it meets the claim

Use of emojis, especially in advertising of hedonic products has been shown to contribute to an increased intention to purchase.¹³ Overlaying this with the use of emojis that denote an environmental claim could further nudge a consumer towards a purchase that may or may not satisfy the implied claim.

THE CHANGE WE NEED TO SEE



With increased propensity of businesses transitioning to advertising with environmental claims, it's clear that adequate guardrails are needed to ensure that consumer choice towards environmentally friendly options is meaningful. This is imperative, as products and services claiming better environmental outcomes are often more expensive than those that are not.¹⁴

The Australian Government must consider specific interventions to ensure advertising of environmental claims does not misrepresent the environmental value to consumers, and therefore induce purchase decisions that are not fit-for-purpose. These interventions will also help increase the visibility of those businesses that are making genuine efforts towards better environmental outcomes.

Ban or define generic environmental claims

Several jurisdictions are moving to ban or set clear definitions for generic green claims, which are commonly used to make products or services sound more environmentally friendly than they are. By banning or defining these claims, governments can help to ensure that consumers have access to accurate information about the environmental impact of products and services.

For example, a European Union proposal on empowering consumers for the green transition will prohibit generic environmental claims which are not based on recognised excellence in environmental performance relevant to the claim.¹⁵ Similarly, the UK Competition and Markets Authority has proposed legislating to create standardised definitions of commonly used environmental terms, to which businesses must adhere when marketing and labelling their products.¹⁶ These include terms like 'biodegradable', 'compostable' and 'carbon neutral'.

Based on the insights from the Ad Observatory collection of green ads, the following terms when used in the context of an environmental claim should be either banned or required to provide adequate substantiation to support the environmental claim:

- Green
- Clean
- Sustainable
- Recyclable / Recycled
- Bio
- Pure
- Eco-friendly
- Biodegradable
- For the planet
- Eco
- Renewable energy
- Offset
- Environmentally friendly
- Carbon neutral
- Circular
- Earth-friendly
- Home compostable.



In addition, the list should also include the following terms, identified via the European Union proposal:

- Nature's friend
- Ecological
- Environmentally correct
- Climate friendly
- Gentle on the environment
- Carbon friendly
- Carbon positive
- Climate neutral
- Energy efficient
- Biobased.

There should also be a general provision that prohibits the use of broad and vague statements such as 'conscious' or 'responsible' that suggest or create the impression of excellent environmental performance. Generic environmental claims should be prohibited or defined wherever specification of a claim is not provided in clear and prominent terms on the same medium, such as the same advertising spot, product's packaging, or online selling interface. For example, the claim 'biodegradable' when referring to a product would be a generic claim, whilst claiming that 'the packaging is biodegradable through home composting in one month' would be a specific claim, which could remain. This way, the Federal Government could incentivise the use of specific claims, which are more meaningful during a consumer's decision-making process.

Empower the regulator to ban and define environmental claims

Current case law demonstrates that non-specific environmental claims can be found to be lawful, even where they are confusing for consumers and contribute to poor environmental outcomes. Regulators should be given the power to ban and define environmental claims to ensure that regulation is in-step with this evolving space.

The Australian Consumer Law does include provision to make information standards for goods and services.¹⁷ However, the process is one that can take several years to develop and implement. This is not a feasible strategy in the fast-changing nature of marketing in the modern digital economy, as well as the urgent need to transition our economy to carbon zero. Australia requires a more dynamic regulatory approach. As there are technical aspects to determining and defining terms, the responsibility sits best with a regulator. There are a range of other technical areas of regulation where a specialist regulator is empowered to consult and determine standards, such as prudential regulation and energy market regulation. CPRC considers a similar approach should be adopted, so that the ACCC is empowered to consult and make rules with respect to banning and defining generic environmental claims in line with legislated objectives around accurate, relevant, and actionable information for consumers to make effective market choices. There could be requirements to review and update the rules regularly (e.g., annually) and ensure that rules are made in a structured, non-partisan and consultative fashion. The Federal Government should award a similar power to ASIC so that it can ban or define generic green claims relating to financial products and services. This would complement ASIC's existing regulatory guidance relating to advertising financial products and services.¹⁸



Develop clear guidelines on the use of colour and imagery that implies environmental outcomes

With visual elements playing such a critical role in social media advertising, it is clear that guardrails must be established to ensure use of colour and imagery do not falsely imply environmental benefits or outcomes. The regulator can play a critical role in providing detailed guidance in this space.

There is already some evidence of this taking place via the ACCC's draft guidance for business on environmental and sustainability claims.¹⁹ However, such guidance can be expanded with examples of where the use can mislead consumers to believe that a product or service is environmentally friendly. Examples could come from real life and through samples developed via UX testing, and other qualitative and quantitative consumer research. Doing so would ensure claims are backed with evidence of consumer understanding, and would help identify the difference between the intended message and the implied message.

In addition, guidance should encourage businesses to conduct UX testing and broader consumer research on claims to test consumer awareness and understanding of the claims being made, and the best ways to communicate this information. Businesses put extensive effort into UX testing of design and marketing of products and services; the same effort should be applied to the efficacy of environmental claims for consumer decision-making. Guidance that is detailed and clear can set a firm benchmark of community and regulator expectations of environmental claims.

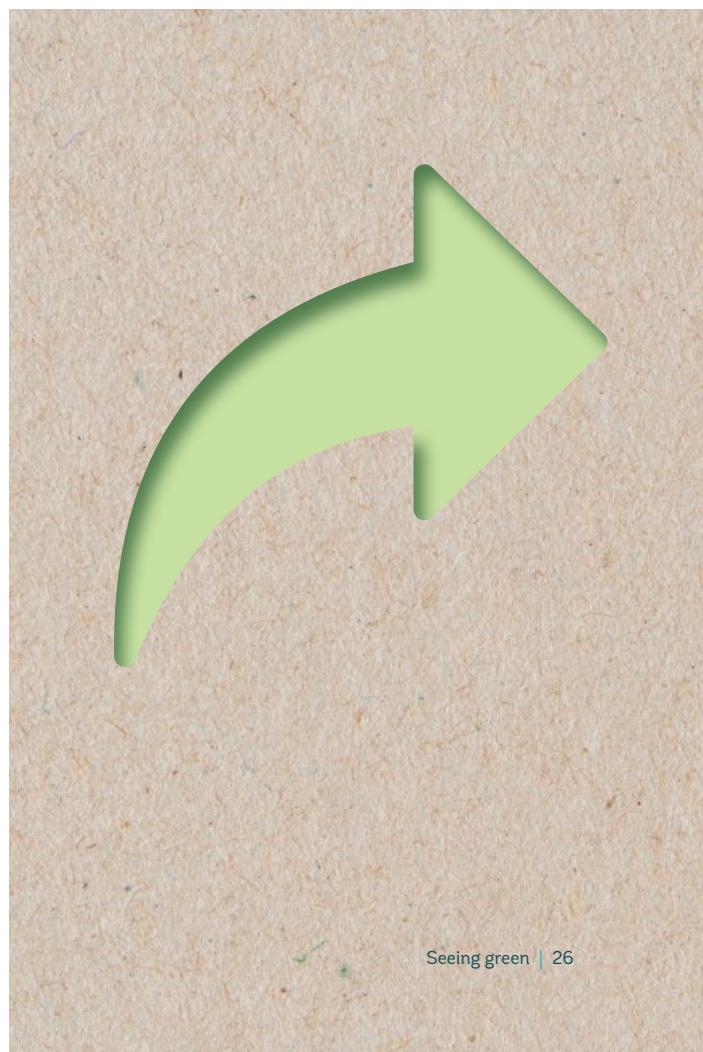
Prohibit specific high-polluting industries from using environmental claims in their advertising

Currently, any business in any industry can make an environmental claim, big or small, current or forward-looking, regardless of the sector they may be operating in. There must be prohibitions within legislation to ensure high-pollutant industries do not lean on or make environmental claims in their advertising. The Climate Council, in its submission to the Senate Inquiry on Greenwashing, specifically raised this as a recommendation noting the need for “clear legislation to unambiguously define and prevent greenwashing by major corporates – including fossil fuel companies”.²⁰ For the development of such legislation, it is critical that the Federal Government consult with a diverse group of stakeholders, in particular, identifying industries that should be captured via such legislation.



Next steps

This research report provides high-level insights into the practice of promoting environmental claims on social media and the potential for consumer harm in Australia. More research will help to further understand the impact on consumers when engaging with specific industry sectors. As current guidance and laws are being reviewed and reconsidered, there is an opportunity to test whether greenwashing practices in Australia will be adequately addressed. We welcome the opportunity to work on this issue further with government, regulators, policy makers, academia and the community sector.



Endnotes

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