

Not everything green is what it claims to be

The GVH proposes a multi-level, state-regulated sustainability labelling system

Budapest, 11 January 2024 - In many cases, green advertising messages are unclear and confusing, and a significant number of consumers are not aware of the exact content and meaning of certain claims and labels - among other things, these are highlighted by the recently concluded market analysis of the Hungarian Competition Authority (GVH), in which the national competition authority's case handlers analysed green claims and advertising messages. In the study published on its website, the GVH also made recommendations for market players and legislators.

In November 2022, the Hungarian Competition Authority [launched a market analysis](#) to investigate in detail the use of environmental ("green") claims by undertakings in the food, clothing, chemical and cosmetics sectors. The purpose of the investigation by the national competition authority was twofold. On one hand, to assess the extent to which these green claims influence consumers' purchase intentions, and on the other hand, to assess the spread of these messages in different communication channels and how undertakings justify them.

Many market players use them for branding, but a significant proportion of consumers do not understand the confusing green messages.

The GVH's research shows that messages about environmental sustainability are less common in advertising, with green claims and logos appearing mostly on websites and product packaging. Many of the claims made in advertising relate to the packaging of products, even though packaging is not typically the cause of the vast majority of the products' environmental burden. **The research also reveals a strong emphasis on building a sustainable brand image among green claims: image advertising was extremely common, with around 40% of ads with sustainable content focusing exclusively on building an environmentally conscious brand image.**

As part of a comprehensive market analysis, the [GVH carried out a sweep of 60 domestic websites in early 2023](#). In the course of the analysis, **the GVH's experts found that domestic undertakings communicate about sustainability in a very broad and unsystematic way.** Many companies use so-called trust marks or logos to underline their "green" credentials, but the certification body or criteria behind them are not always identifiable (or not available in Hungarian) to consumers.

As part of the market analysis, a controlled, randomized experiment carried out in cooperation with Eötvös Lóránd University (ELTE) showed that the display of green claims on product packaging has an impact on consumers' perception of the product and their purchase intention.

However, **a significant proportion of consumers are not aware of the exact content of the claims they see and often misunderstand them.**

As a result of the research and sweep carried out in the framework of the market analysis, and based on international experience, the GVH has formulated several recommendations. Some of these are addressed to market players. Their aim is to help undertakings avoid misleading consumers by communicating in line with the Authority's guidelines. With the other set of proposals, the GVH provides advice to the legislator in the context of competition advocacy.

Key recommendations for undertakings:

- Undertakings should understand and map the environmental impacts of the production and consumption of their products before developing their environmental and sustainability-related information.
- Knowing the real environmental impacts of undertakings and their products, it is worth identifying which environmental improvements, investments and modifications can have the greatest positive environmental impact.
- Undertakings' communication on sustainability and the environment should focus on those activities that have the greatest impact on reducing environmental impacts. The claims, logos and labels used should be substantiated and verifiable and should be made available to consumers.
- Finally, claims that are poorly worded, overly general or generalisable and vague should be avoided.

Main proposals for the legislator:

- Facilitating the provision of credible information to consumers is essential to shift demand towards greener products. To this end, the GVH experts propose the development of a tiered, state-regulated labelling system for sustainability and environmental impact. In the long term, an environmental labelling scheme could increase consumer confidence and help consumers to make choices that are genuinely beneficial to them and the environment.
- It is also worthwhile to accompany the established certification and labelling scheme with consumer education campaigns, raising consumer awareness of the scheme and its benefits, and encouraging consumers to take it into account in their transactional decisions.

A study summarising the results of the market analysis, including the GVH experts' partial recommendations and their justification, is available [on the website of the GVH](#).

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