

**Supporting Statement for a Paperwork Reduction Act  
Submission to OMB  
FTC Study of Consumer Perception Concerning Environmental Marketing Terms  
OMB Control No. 3084-NEW**

**A. JUSTIFICATION**

**(1) Necessity for Collecting the Information**

Section 5 of the Federal Trade Commission Act, 15 U.S.C. §§ 41 *et seq.*, authorizes the Federal Trade Commission (“FTC” or “Commission”) to prevent unfair or deceptive business practices. The Commission has used this authority since 1992 to issue and revise guidance to industry concerning the application of Section 5 to environmental marketing claims – *e.g.*, words used in advertisements or on packages, such as “compostable,” “biodegradable,” and “recyclable.” The Commission’s Guides for the Use of Environmental Marketing Claims (“Green Guides”), 16 C.F.R. Part 260, advise marketers how to avoid harming consumers with false or misleading statements about their products’ environmental attributes. The FTC analyzes advertising from the consumer’s perspective and gives environmental marketing claims the meaning that consumers give them. A consumer perception study will aid the Commission, as part of its decennial review of the Green Guides, in considering whether and/or how to revise the Green Guides.

**(2) Use of the Information**

Subject to OMB approval, the FTC has engaged Harris Interactive to conduct national research concerning consumer perception of environmental marketing claims. A nationwide Internet panel will be used to identify potential respondents, and the questionnaire will be administered online. All information will be collected on a voluntary basis.

Together with written public comments, recorded public workshop statements, non-public investigation findings, and any information derived through litigation, the study will assist the FTC in its review of the Green Guides and will inform the FTC’s education efforts concerning truthful and non-misleading environmental advertising.

The primary focus of the proposed study is to compare participant responses regarding the meaning of different environmental marketing claims, including unqualified general environmental claims, such as “Green” and “Eco-friendly,” and general environmental benefit claims combined with a specific representation – *e.g.*, “Green - Made with Renewable Materials” (a “qualified-general claim”). Specifically, using a treatment-effect methodology, the study will examine whether consumers viewing general environmental benefit claims believe that a product has specific environmental benefits, such as being recyclable, biodegradable, compostable, or made from recycled materials.

The proposed study also will examine whether consumers viewing a qualified-general

environmental benefit claim, such as “Green - Made with Renewable Materials,” believe that such a claim implies that the product provides environmental benefits beyond the specific attribute mentioned. Thus, for example, would consumers viewing a “Green - Made with Renewable Materials” claim for a product believe that product is also compostable, recyclable, or non-toxic? In addition to asking consumers about the unqualified and qualified-general environmental benefit claims, the study will ask consumers how they perceive the specific environmental attributes that the study uses as qualifications (*e.g.*, “Made with Recycled Materials,” “Made with Renewable Materials,” “Made with Energy”) alone.

The study will examine whether consumers believe that environmental claims suggest anything about the environmental impact of a product through stages of its life cycle (*e.g.*, production, transportation, use, and disposal). For consumers who do think about a product’s life cycle, the study will explore whether consumers think of more than one stage in the life cycle and, if they do, which specific life cycle stages they have in mind.

The study will inquire about consumer interpretations of all of these claims in the context of multiple products to determine whether consumers’ interpretations are affected by the product about which the claim is made.

Also, the study will collect information about how consumers perceive claims about the purchase of renewable energy and how they understand claims about carbon neutrality and carbon offsets. That information will help the Commission determine whether additional guidance is needed about the use of these terms in marketing and what that guidance should be.

### **(3) Consideration of the Use of Information Technology to Reduce Burden**

Consistent with the aims of the Government Paperwork Elimination Act, 44 U.S.C. § 3504 note, the proposed study will use the Internet for data collection. The Internet was selected as the means to collect data, in part, to minimize burden on respondents and to collect data in a cost-efficient manner. For example, people who choose to participate in the study will be able to view the questionnaire, as well as submit their responses via computer, at a time and location of their choosing.

### **(4) Effort to Identify Duplication**

The FTC has issued five separate requests for comment on the above-noted issues, including a request for relevant study findings, published in the Federal Register (as described in Part A.8(a) below), and has reviewed transcripts of public workshops, news articles, and information found through contacts with industry trade associations, consumer groups, governmental agencies, and academic researchers.

FTC staff has obtained data from only one nationwide study conducted since 1998

concerning consumer perception of environmental marketing claims. In 2007, the American Chemistry Council (“ACC”) gave a presentation to FTC staff that included consumer perception findings from privately commissioned research regarding the environmental terms “biodegradable” and “compostable.” In 2008, FTC staff requested, received, and reviewed the full ACC survey, which provides useful but limited perception information about only unqualified “biodegradable” and “compostable” claims.

We know of no other studies that provide the information being sought here.

(5) **Efforts to Minimize Burden on Small Organizations**

Not applicable. Only individual consumers are being surveyed.

(6) **Consequences of Not Conducting the Collection of Information**

If this information is not collected, the Commission may lack sufficient information to address important issues and to target more effectively future law enforcement and consumer education actions. The survey scope and burden has been reduced as much as possible short of sacrificing the value of the information to be collected.

(7) **Circumstances Requiring Collection Inconsistent With Guidelines**

The collection of information in the proposed survey is consistent with all applicable guidelines contained in 5 C.F.R. § 1320.5(d)(2). The contractor will ensure a stratified sample of the population across consumer groups broadly representing the characteristics of U.S. non-institutionalized respondents 18 years and older, relative to the most recent Census Bureau Current Population Survey. Part B of this Supporting Statement has further detail about survey methodology.

(8) **Consultation with Outside the Agency**

a. **Public Comments**

As required by section 3506(c)(2) of the Paperwork Reduction Act (“PRA”), 44 U.S.C. §§ 3501-3521, the FTC published a notice seeking public comment on the proposed collections of information. See 73 Fed. Reg. 60,702 (Oct. 14, 2008). The Commission received one responsive comment from General Electric Company (“GE”).<sup>1</sup> This comment makes several suggestions about study methodology.

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<sup>1</sup> General Electric Company Comment in FTC Project No. P954501 (Dec. 15, 2008), pp. 1-4, available at <http://www.ftc.gov/os/comments/greenguidespra/00001.pdf>.

In particular, GE discusses Internet-based research, noting that access to the study is limited to participants with access to a computer and that such participants tend to be persons who have self-selected by expressing an interest in consumer research. Having considered the costs and benefits of various data collection methods, FTC staff has concluded that the most efficient way to collect data to meet the research objectives within a feasible budget is to use Harris Interactive's existing Internet panel. Because the primary focus of the study is to compare responses across treatment groups, *i.e.*, across different environmental marketing claims presented to participants, rather than to project responses to the population as a whole, using a broad sample of individuals at least 18 years of age will provide useful information.

Regarding GE's concern about identifying the "proper universe of consumers," FTC staff has included in the questionnaire a brief section of questions that address participants' level of interest in environmental issues. For example, one question asks: "In the past six months, have you chosen to purchase one product rather than another because the product is better for the environment?" Through analyses of answers to such questions, staff can compare the study responses of participants who have a high degree of interest in environmental issues and who take these issues into account when making purchasing decisions with responses of participants who are not as concerned with environmental issues.

GE also asserts that the FTC should ensure a "proper sample size." The FTC staff determined the sample size of 3,700 consumers based on several considerations, including the funds available for the study, the cost of different sample size configurations, the number of environmental claims to be examined, and a power analysis. In this study, 150 participants will see each of the various environmental marketing claims to be compared. Staff believes that this will be adequate to allow comparisons across treatment cells.

GE further recommends that the research be double-blind, so that "neither participants nor administrators know its purpose or who it is for" and that the study employ an adequate control. To avoid biasing how respondents answer the questions, study participants will not be told that the FTC has commissioned the research. Furthermore, while completing the survey, participants will not have access to personnel at Harris Interactive who know the purpose of the study. For most participants, there will be no contact between the participant and any Harris personnel. Harris does, however, provide a telephone number or email for people who have technical problems while completing the survey. The personnel who respond to such inquiries, however, are only able to resolve technical problems, like an inability to connect to the web site. They do not know the purpose of the study and, if asked, for example, about the meaning of a question, are instructed to tell the person inquiring that he or she should answer to the best of their ability based on what appears on the screen. Thus, it is not necessary to have "blind" administrators. Because the proposed study is automated and online, participants and study administrators can have only technical interaction. Therefore, there is no concern that a study administrator might convey information about desired results to participants. The study employs an adequate control, testing a "New and Improved" claim that says nothing about environmental

characteristics.

GE asserts that the questionnaire should ask consumers about marketing terms in conditions that are as real-world as possible, suggesting that participants be shown actual advertisements and suggesting that the study include a control. GE also expresses concern, however, “that no matter how a specific term is tested, the relevance of the data may be limited to the particular scenario presented.” Thus, GE urges the FTC to consider how to conduct research on “specific terms in a manner that will both be relevant and will have broader applicability.”

While the proposed study does not test actual advertisements, the environmental marketing claims are based upon actual claims FTC staff has observed in the marketplace. In addition, the study protocol tests each claim with three different products – kitchen flooring, a laundry basket, and wrapping paper. While costs prohibit conducting a study with more products, examining three products will provide useful information about the extent to which product variation affects participants’ interpretation of the claims being studied.

GE urges the FTC to include non-leading questions and stimuli, specifically recommending that the study include open-ended questions. FTC staff agrees with these recommendations and it has designed questions that are as non-suggestive and non-leading as possible. Many parts of the questionnaire include a combination of open- and closed-ended questions, which ask about the same concept. Moreover, the questionnaire uses phrasing that minimizes the risk that participants will give answers that they think *should be* correct. For example, some participants will randomly be shown the claim “Sustainable” in connection with wrapping paper. The questionnaire then asks: “Which of the following most accurately describes what this statement suggests or implies *to you* about any negative environmental impact that may come from this wrapping paper?” (emphasis added). The response choices to this question then take the form: “The statement suggests or implies that there is no negative environmental impact from this wrapping paper;” “The statement suggests or implies that this wrapping paper causes less negative environmental impact than other wrapping paper . . . ,” etc. The FTC staff also plans to conduct a pretest, which will help identify any remaining problems in this area.

Finally, GE notes that Internet study participants may consult outside reference materials or other persons in responding to the questionnaire. While there is a possibility that participants could consult such sources, FTC staff believes that this not a significant problem. Based on its extensive Internet study experience, Harris Interactive assures that participants in such studies generally are most interested in completing the study in a relatively short period of time; thus, they are unlikely to choose to spend the additional time needed to do any such research. In addition, the questionnaire expressly informs each participant that the study designer is interested in what the individual thinks, rather than any supposedly “right” answer. For example, some participants will randomly be shown the claim “Eco-friendly” in connection with

kitchen flooring. The questionnaire then asks: “What, if anything, *does this statement suggest or imply to you* about the kitchen flooring?” (emphasis added). Moreover, the final phase of the questionnaire contains a standard question for all participants asking whether they consulted outside sources. Again, based upon its extensive experience with Internet-protocol studies, Harris Interactive reports that participants tend to answer such questions honestly. Finally, Harris noted that if a participant consults outside sources while completing the questionnaire, it will take that participant longer to complete the study. Thus, when reviewing study results, Harris Interactive will examine participant response times, identifying those that are abnormally long, and assess whether they reflect participants’ outside consultation.

In addition to the above, as mentioned in response to Part A.4, the Commission had previously published a notice informing the public of its review of the Green Guides and requesting, as part of that review, consumer perception research on environmental marketing claims. See 72 Fed. Reg. 66,091, at 66,092 (Nov. 27, 2007) (seeking “any [data] that has become available since 1998 concerning consumer perception of environmental claims, including claims not currently covered by the Guides”); 72 Fed. Reg. 66,094, at 66,097 (Nov. 27, 2007) (seeking data concerning consumer perception of carbon offset and renewable energy certificate claims); 73 Fed. Reg. 11,371, at 11,373-75 (Mar. 3, 2008) (seeking data concerning consumer perception of environmental claims relating to product packaging); and 73 Fed. Reg. 32,662 at 32,664-65 (June 10, 2008) (seeking data concerning consumer perception of environmental claims relating to textiles, building products, and construction).

More than 200 commenters responded to these notices; however, no commenter (other than the ACC, as noted in Part A.4 above) supplied the FTC with detailed findings that resulted from consumer perception research. Several commenters either noted the paucity of unbiased national research in this area or encouraged the FTC to undertake its own research in connection with its review of the Green Guides.<sup>2</sup>

The Commission also hosted three public workshops in 2008, addressing areas where environmental marketing claims have flourished: (1) carbon offsets and renewable energy; (2) product packaging; and (3) textiles, building products, and construction.

Pursuant to the OMB regulations (5 CFR Part 1320) that implement the PRA, the FTC is providing a second opportunity for public comment while seeking OMB approval for the study. See 74 Fed. Reg. 22,396 (May 12, 2009).

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<sup>2</sup> See, e.g., Comments of Georgia-Pacific, No. 533254-00059 (Jan. 22, 2008); Attorneys General of Arkansas, California, Connecticut, Delaware, Illinois, Maine, Mississippi, New Hampshire, New Mexico, Oklahoma, and Vermont, Nos. 533254-00051, -00060 (Jan. 25 & Feb. 1, 2008); and Society of the Plastics Industry, Inc., No. 533431-00036 (Feb. 11, 2008), available at <http://ftc.gov/os/comments/greenguidesregreview/index.shtm> and <http://ftc.gov/os/comments/carbonworkshop/index.shtm>.

b. Consultation Outside the Agency

In addition to soliciting comments widely on the Green Guides review, FTC staff has actively consulted with staff at other federal agencies where consumer protection overlaps with environmental policy. For example, in the area of carbon offsets and renewable energy, FTC staff has explored consumer protection issues with staff from three units within the U.S. Environmental Protection Agency: Climate Leaders Program, Green Power Partnership, and Office of Atmospheric Programs. Furthermore, FTC staff liaised with personnel at the National Renewable Energy Laboratory, which is the principal research laboratory for the Office of Energy Efficiency and Renewable Energy of the U.S. Department of Energy. All four gave presentations at the FTC workshop on carbon offsets. Similarly, in connection with other issues relating to environmental marketing claims, FTC staff has consulted with staff from numerous other units within the EPA, including Environmentally Preferable Purchasing Program, Office of Pollution Prevention and Toxics, Office of Resource Conservation and Recovery, and Office of Wastewater Management.

The actual study design incorporates comments from the FTC's survey consultant, Manoj Hastak, Ph.D., Associate Professor of Marketing at American University's Kogod College of Business Administration in Washington, DC. In addition, professionals in the area of online study design at Harris Interactive reviewed and commented upon the Internet questionnaire. Specifically, the following Harris Interactive staff gave input: Aaron Heffron, Vice President, Public Affairs Research Group, Reston, VA; and Kathy Steinberg, Research Manager, Public Relations Research Department, New York, NY.

Additionally, on Harris Interactive's recommendation, the Commission held focus groups of consumers in Baltimore, MD and Louisville, KY to learn some of their views concerning environmental marketing concepts. A total of nine persons participated in two focus groups, and their comments were used in drafting the questionnaire.

**(9) Payments and Gifts to Respondents**

Harris Interactive will provide incentives to members of its Internet panel who will participate in the online study. Specifically, these incentives – known as HIpoints, or Harris Interactive Points – are similar to frequent flyer miles that can be redeemed for rewards. The total dollar value of the points that will be awarded to the 3,700 respondents of the Internet questionnaire will be \$2,516 (or an average of \$0.68 per person).

**(10) & (11) Assurances of Confidentiality/Matters of a Sensitive Nature**

The information collected will be kept anonymous. Information of a sensitive nature will not be collected. Responses to the study questionnaire will not include any identifying information and the FTC will not receive any information about the identity of individual

respondents. Indeed, no identifying information, including email addresses, is collected from consumers or other individuals for the purpose of this study. The email addresses for consumers will be generated from the Harris Interactive Internet Panel database. When a respondent completes a study questionnaire, the respondent's email address is stored in the contractor's own Internet Panel database, and a unique ID number is then assigned to that email address. Respondents' responses will be stored in a separate database that includes the unique ID number, but not the underlying email address. Thus, the study database with participants' questionnaire responses will be anonymous. The contractor will not under any circumstances use any email address to retrieve response records.

The contractor also will be required to have sufficient procedures in place to prevent unauthorized access to respondent information, such as: storing personally identifying information on separate servers from questionnaire response data; using firewalls to secure those servers; and maintaining audit records of log-ins, file accesses, and other security incidents. Moreover, the proposed data collection will not include sensitive questions.

## **(12) Estimated Annual Hours Burden**

Although the FTC did not receive public comments in response to its previously published burden analysis, staff is revising certain prior assumptions,<sup>3</sup> based on a more precise target population for completing the questionnaire and further consultation with its contractor regarding the anticipated response rate. Harris Interactive anticipates that 6.3 percent of those invited to participate in the survey will respond and will fit within the desired distribution of demographic characteristics. Accordingly, Harris might contact as many as 59,000 persons to achieve the contracted aim of surveying 3,700 respondents.

As before,<sup>4</sup> staff estimates that respondents to the Internet questionnaire will require, on average, approximately 25 minutes to complete it. Staff will pretest the questionnaire with approximately 100 respondents to ensure that all questions are easily understood. Allowing for an extra three minutes for questions unique to the pretest, the pretest will total approximately 47 hours cumulatively (100 respondents x 28 minutes each).

For the full survey, however, FTC staff now accounts in its estimates both for those who will complete the questionnaire and those who will not. Cumulatively, those completing it will require 1,542 hours (3,700 persons x 25 minutes each). Staff projects that those who will prematurely end the process will do so in under one minute; thus, 922 hours, in total. [(59,000 total contacts - 3,700 persons completing the survey) x one minute each)]. Cumulatively, then, complete and partial surveying of 59,000 persons will total about 2,464 hours.

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<sup>3</sup> See 73 FR at 60704.

<sup>4</sup> See id.



Overall burden for the pretest and questionnaire would thus be 2,511 hours.

**(13) Estimated Annual Cost Burden**

The cost per respondent should be negligible. Participation is voluntary, and will not require any labor expenditures by respondents. There are no capital, start-up, operation, maintenance, or other similar costs to the respondents.

**(14) Estimated Cost to the Federal Government**

The total cost to the Federal government for the information collection will be approximately \$182,674. Staff projects it will cost \$104,800 to hire Harris Interactive to review the study questionnaire, program it into an online format, execute the pretest and online study, and analyze and report the data. The cost of FTC staff time is estimated to be approximately \$77,874.<sup>5</sup> This is necessarily an estimate because several factors in this calculation may vary, including the amount of staff involved and the actual time required.

**(15) Program Changes or Adjustments**

Not applicable. This is a proposed new study.

**(16) Plans for Tabulation and Publication**

The results of the study will be used to inform the FTC about the perceptions of consumers who encounter environmental marketing claims in commerce. The summary of findings will be released to the public to allow interested parties to digest and comment, as appropriate, upon the Commission's use of the data. The collection of information will begin after the completion of the OMB review process. The projected duration of the information collection is approximately eight weeks.

**(17) Display of Expiration Date for OMB Approval**

Not applicable.

**(18) Exceptions to Certification**

Not applicable.

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<sup>5</sup> This estimate is based on 900 hours of staff time (Attorneys: 10 hours per week x 21 weeks x 3 attorneys = 630 hrs. x \$ 90.3 per hr. = \$56,889; Economists: 10 hours per week x 15 weeks x 1 economist = 150 hrs. x \$95 per hr. = \$14,250; Economics research assistant: 5 hours per week x 15 weeks x 1 research assistant = 75 hrs. x \$40 per hr. = \$ 3,000; and Survey consultant: 3 hours per week x 15 weeks x 1 consultant = 45 hrs. x \$83 per hr. = \$3,735).

## **B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

### **(1) Description of the Respondent Universe and Sampling Methodology**

Because environmental marketing claims are so pervasive, a wide segment of the U.S. population likely is exposed to these ads. Accordingly, the research targets a broad sample of consumers.

A nationwide Internet panel will be used to identify potential respondents and the questionnaire will be administered online. The FTC will work with its contractor, Harris Interactive, which has substantial experience assessing consumer communications using Internet protocols and alternative protocols. This expertise should be helpful in designing the research, administering the study, and drawing appropriate conclusions based on the results. By using random assignment across treatment groups, FTC staff believes the research will provide useful information about how alternative ways of advertising products' environmental features bear on consumer perceptions about those features.

The primary focus of the research is to learn about consumer perceptions of different environmental claims to which consumers might be exposed either in advertising or on product labels. In particular, the FTC is interested in knowing whether consumers who see a qualified-general claim (*e.g.*, "Green – Made with Renewable Materials" or "Sustainable – Made with Recycled Materials") believe that such a claim suggests or implies that the product for which the claim is made has other environmental attributes. If a product is "Green – Made with Renewable Materials," does this also suggest that the product is recyclable or that renewable energy was used in making the product? Three general environmental claims will be tested – "Green," Eco-Friendly," and "Sustainable" – in combination with three qualifications – "Made with Renewable Materials," "Made with Renewable Energy," and "Made with Recycled Materials."

In order to determine as much as possible about what in the qualified-general claims is causing consumers to perceive the claims as they do, it is necessary to determine how consumers interpret a variety of claims. In addition to the qualified-general claim, the study will expose consumers to the general claims alone and to the qualifications alone. Finally, the study will examine interpretations without any environmental claim. Where no environmental claim is made, participants will be told that the product is labeled or advertised as being "New and Improved."

It is also necessary to try to learn whether the interpretations consumers take from a claim differ depending on the product about which the claim is made. Do consumers take a different meaning from a representation that some wrapping paper is "Sustainable" than if the representation is made about some kitchen flooring? In order to examine product effects, each of the claims will be presented as appearing on three different products – wrapping paper, a laundry basket, and kitchen flooring.

The contractor will therefore test 16 different claims with each of three (3) different products – a total of 48 different product-claim pairs. To avoid skewing a survey participant’s answers by asking the same person essentially the same set of questions too many times and to limit the length of the survey presented to an individual, each participant will only be exposed to two randomly selected product-claim pairs. Given that the main survey will consist of 3,600 interviews, each product-claim pair will be seen by 150 participants. The various product-claim pairs will be described to participants, rather than presenting them in an actual ad. For example, someone being asked about some wrapping paper and the claim “Eco-Friendly – Made with Recycled Materials” will first be asked “Suppose you see some wrapping paper advertised or labeled as ‘Eco-Friendly – Made with Recycled Materials.’ What, if anything, does this statement suggest or imply to you about the wrapping paper?” Subsequent questions using a closed-end format describe the product and the claim in essentially the same way.

In addition to examining consumer interpretation of general and qualified-general environmental marketing claims, the study will also ask some questions related to other environmental marketing issues. All participants will be asked a question about the meaning of a claim that a company “hosts” a wind or solar power facility. Then, half of the participants will be asked some questions about their familiarity with the concept of carbon offsets, while the other half will be asked about carbon neutrality.

Given that the study’s focus is on comparing the interpretation of various environmental claims and that the claims each participant sees will be randomly determined, the fact that an Internet panel is not a perfectly random sample of the population as a whole should be less problematic than if the goal was to determine the percentage of the population at large that holds a particular view. However, it is still desirable that the sample be as representative as possible of individuals at least 18 years of age in the United States. After considering the costs and benefits of various data collection methods, FTC staff concluded that the most efficient way to collect the data needed to meet the research objectives within a feasible budget is to employ an Internet panel with nationwide coverage. Thus, the FTC has contracted with Harris Interactive to design an Internet survey that, while not technically representative of the nation as a whole, nonetheless reflects the views of a broad population.

The Harris Interactive Internet panel consists of more than 4 million individuals drawn from throughout the country, derived from a series of convenience sampling procedures, rather than true probability sampling. However, Harris Interactive has studied the relationship between samples from its Internet panel and samples collected using more traditional probability sampling techniques, such as telephone surveys. Based on these studies, Harris has developed proprietary procedures to ensure that differences between the results of Harris’ Internet panel studies and those based on true probability samples of the nation are minimized. In particular, Harris has used a variety of methods, including demographic weighting, propensity score weighting, and quota sampling to obtain accurate estimates of national views from its Internet panel.

Notwithstanding these adjustments, an Internet panel is not a nationally representative probability sample, and FTC staff recognizes that there may be some limitations in the use of the data. This point will be considered further in the ensuing analysis of the data and noted in any discussion of the findings.

The universe for this study encompasses members of the contractor's Internet panel. Again, the panel consists of more than 4 million individuals who are recruited by various methods. Panel members typically receive no more than 3 invitations per month to participate in research projects. As also discussed in Part A of this Supporting Statement, FTC staff, in consultation with its contractor, has determined that a screening sample of up to 59,000 respondents will be needed to ensure 3,700 completed responses – 100 for the pretest and 3,600 for the main survey.

The sample size of 3,600 consumers for the main survey was determined based on several considerations, including the funds available for the study, the cost of different sample size configurations, the number of environmental claims that needed to be examined, and a power analysis. As noted, with 3,600 participants and each participant seeing 2 of the 48 product-claim cells, 150 participants will be presented each product-claim combination. It is expected that few participants will conclude that a control claim suggests or implies anything about any specific environmental attributes a product may possess. For example, very few people who are told that kitchen flooring is advertised as “New and Improved” are likely to conclude that means that the product is made with renewable materials or renewable energy. With a low response rate for the control group, smaller cell sizes are needed to yield tests with reasonable levels of power than if the control group had a higher anticipated response rate. In addition, the question of interest is whether the percentage of participants who believe that the test ad suggests or implies something about specific environmental attributes exceeds the percentage of those who reach a similar conclusion when they see a control ad. That is, the appropriate test is a one-tailed test.

With a sample size of 150 per cell, there is better than an 80 percent probability of finding a statistically significant difference using a one-tailed test with a 5 percent significance level if the true difference in responses between those presented the control scenario and those presented the test scenario between the two populations is at least 11 percentage points, provided the true value for the control population is 13 percent or less. If the difference between the responses to the two claims is 12 percentage points or more, the power of a one-tailed 5 percent test is 80 percent or more provided the value of the for the control group does not exceed 17 percent.

## **(2) Description of the Information Collection Procedures**

As discussed more fully in Part A of the Supporting Statement, the FTC has selected Harris Interactive, a consumer research firm, to recruit 3,700 individuals 18 years of age or older

for the study. The FTC's questionnaire will include questions to understand how consumers viewing environmental marketing claims interpret those claims. The questionnaire will use both open-ended and closed-ended questions in seeking to determine how consumers interpret the various claims.

The procedure for administering the questionnaire will be determined in consultation with the contractor. It is expected that the contractor will develop an online program that will allow respondents to view appropriate questions and materials based on their answers to prior questions. In this way, an Internet methodology can be an improvement over mail questionnaires, where respondents can preview questions and materials that are best asked in a controlled sequence.

The contractor will provide the FTC with raw data, as well as tabulated data, simple graphical representations of the data, and simple significance test results. For example, it is expected that the contractor will provide a graphical depiction of the percentage of respondents interpreting a given environmental claim in a certain way under various information disclosures and present results of appropriate tests to determine if the differences are statistically significant.

In conducting the research, FTC staff plans to present participants with descriptions of advertisements or product labels with various environmental claims (*e.g.*, "green," "eco-friendly," and "sustainable") and a variety of qualifying information related to aspects of the corresponding product (*e.g.*, "made with renewable energy," "made with recycled materials," and "made with renewable materials"). Respondents will then answer a series of questions about these claims.

### **(3) Methods to Maximize Response Rates/Reliability of Sample Data**

The existing Internet panel used for sampling consists of people who have expressed interest in sharing their opinions via the Internet and who do so regularly. To help ensure that the participation rate is maximized, FTC staff and/or the FTC's contractor will:

- Design an experimental protocol that minimizes burden (short in length and clearly written);
- Test the draft protocol with a pretest of 100 respondents to ensure that the protocol minimizes burden, and will then refine the protocol as appropriate;
- Administer the experiment to individuals who have expressed interest in participating in Internet studies; email reminders to respondents who do not complete the protocol soon after the original invitation to participate is sent; and
- Provide contact information where respondents may obtain help in the event of technical

difficulties when attempting to complete the study.

The FTC staff expects that potential non-response issues for this particular study can be addressed. For example, it may be possible to compare how responders compare to non-responders in a cost-efficient manner.

**(4) Testing of Procedures or Methods Undertaken**

Again, staff will pretest the questionnaire in the online format using 100 respondents to ensure that all questions are easily understood and that the online procedure is sufficient to generate reliable data. This pretest is also discussed in Part A and is part of the collection of information for which staff seeks OMB approval.

**(5) Individuals Consulted on Statistical Aspect of the Study**

The study design has been reviewed internally by James A. Kohm, Associate Director of the Enforcement Division, Bureau of Consumer Protection (202-326-2640); Robert S. Kaye, Assistant Director of the Enforcement Division, Bureau of Consumer Protection (202-326-2215); Laura Koss, an attorney in the Enforcement Division, Bureau of Consumer Protection (202-326-2890); Michael Davis, an attorney in the Enforcement Division, Bureau of Consumer Protection (202-326-2458); Hampton Newsome, an attorney in the Enforcement Division, Bureau of Consumer Protection (202-326-2889); Janis K. Pappalardo, Assistant Director of the Bureau of Economics (202-326-3380); James M. Lacko, Deputy Assistant Director of the Bureau of Economics (202-326-3387); Keith B. Anderson and Christopher H. Wheeler, economists in the Bureau of Economics (202-326-3428 and 202-326-2253, respectively); Micah B. Burger, a research analyst in the Bureau of Economics (202-326-2762); and Manoj Hastak, Ph.D. (202-326-2613), a faculty member in the Kogod School of Business at American University and a consumer research consultant with the Bureau of Consumer Protection's Division of Advertising Practices. Dr. Hastak has served as a consultant on experimental and survey studies for the FTC on numerous occasions. The contractor, Harris Interactive (Contact: Aaron Heffron at (571-262-3116)), is experienced in conducting statistically rigorous Internet-based studies. The contractor has conducted numerous studies involving more than 45 million respondents using its Internet panel in the last five years.