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Greenwashing as an Example of Ecological Marketing Misleading Practices

Abstract

Nowadays, world-wide recognized corporations seek methods and instruments which enable them an effective flow of information concerning their actions as far as environment and sustainable development issues are concerned. It seems that marketing tools work well within this field. That is how ecological marketing (EM) originated with its advantages and drawbacks including greenwashing. The paper is committed to the analysis of this phenomenon, used to describe the unjustified appropriation of environmental virtue by a company to create a pro-environmental image. The article also presents common mechanisms of EM, shows how greenwashing works in practice and shares research results concerning purchasing habits (focusing on environmental issues) in China, USA and Great Britain

1. Introduction

During last decade market (especially consumers) has become much more conscious of environmental issues. This signal was quickly intercepted by companies particularly by those large and established who were eager to modify their behavior in order to meet new social expectations. One business area where environmental issues have received a great deal of discussion, both in professional and popular press, is marketing. Terms like “green marketing” or “environmental marketing” appear more frequently in economic reality (Polonsky, Jay. 1994, p. 44-53).

Ecological marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. A great example of such undertakings is Honda action-“Go green”. The campaign is surprising and based on letters sent to customers but in this case correspondence contains plant seed which aims to help eliminate carbon dioxide. The task of consumer is to plant it on the letter’s paper which is made from 100% recyclable material. The question is how far the campaign is an example of honest company’s behavior and if clients will believe in such PR and marketing actions. One can be sure-it is an attempt to build a positive brand image in the field of environment concern.

Fortunately, today’s consumer is no longer passive actor participating in market’s recent developments, who humbly receives marketing signals. Now, potential buyer can easily assess all actions taken by corporations, also those connected with ecological issues. The group “Earth Day Resources for Living Green” has a reputable experience in this field. Regularly, the organization is publishing the report “Don’t be fooled” which exposed ten companies that have made the most misleading claims about the environmental benefits of their products and industries (<http://www.greenwashing.net/>). Not only does the report focus on deceptive claims made by corporations, it also highlights specific sins, falling into two main categories: producing genetically engineered foods and polluting the environment. Such report may become an effective tool against *greenwashing* practices and a method to inform (warn) other customers about such mechanism.

2. Ecological Marketing

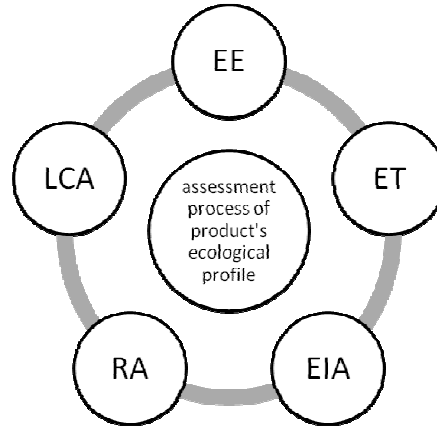
The idea of *greenwashing* is strongly connected with the ecological marketing (EM) concept. This type of marketing approach was developed in 1990s and its main task was to highlight and emphasize that company is environmentally-oriented. What is more the approach was designed to stress the fact that the firm takes into consideration environmental issues in its development strategy. Another words, business entity assures that, the methods of production (as well as products itself) are fully eco-friendly or even contribute to the processes which solve a specific environmental problems.

Ecological marketing is first and foremost targeted at so-called *True-Blue Greens*. This term was defined in Green Gauge Report and stands for the most

environmentally active segment of society (Green Gauge Report⁷). Within this particular group the idea works well. To satisfy the green *consumer's* needs and expectations EM has worked out the main instrument-the product itself. We can define it as all that can be implemented into the market, gain the attention, be purchased and finally can be used or consumed.

Nowadays, many companies decided to *go green* only to jump aboard the green wagon and to win the market. They use a *greenwashing* phenomenon (which will be described further in the article) to falsely respond to growing consumer demands. These actions are calculated only to obtain effect through the image improvement and product marketing and frequently mislead consumer. In the same time, within UE we can observe a tendency to deepen the integration of environmental policy. It is assumed that the main sources of threats for environment are products and services. In order to formulate a coherent policy against products which will take sustainable development idea into consideration, a special system of instruments was created. That is how an Integrated Product Policy (IPP) originated. In broader mining the main aim of IPP is to decrease influence on environment and consumption of resources by constant improvement of products and services systems (Lorek E., 2003). To achieve this goal a package of tools that enables to asses real commodities' impact on environment should be worked out. One of the examples that could be given, to assess product's ecological profile, is a special group of instruments presented on Figure 1. All of them include the whole life cycle of a product-from designing phase, acquiring of materials, through production process, distribution, until post-consumption phase.

⁷ <http://gristmill.grist.org/story/2005/11/23/115411/33>).

Figure. 1

LCA-Life Cycle Assessment; **EE**-Environmental Product Profile;
ET-Environmental Technology Profile; **EIA**-Environmental Impact Assessment; **RA**-Risk Assessment

Source: Author's own compilation based on Lorek E., *Recykling* 3/2003.

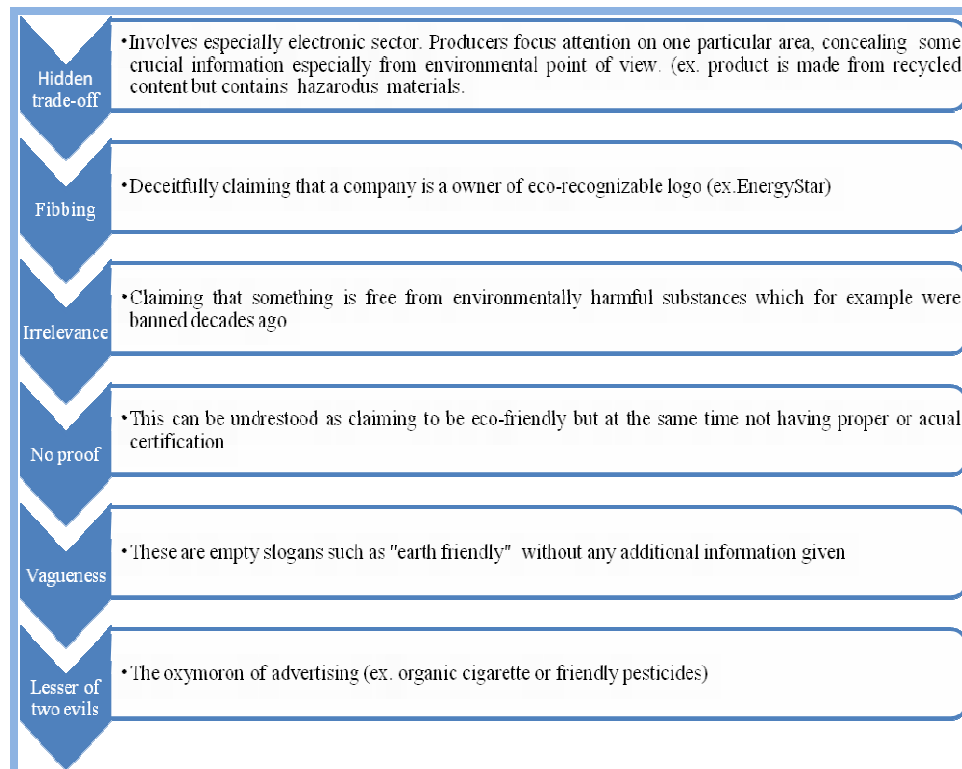
Another package of instruments which facilitates the flow (transfer) of information (to market and consumers) concerning product's eco-oriented degree is ecolabelling and programme of product's ecological profiles. Ecolabelling is a voluntary method of environmental certification which identifies overall environmental preference of the product or service within a specific product/service category based on life cycle considerations (Introduction to Ecolabelling, July 2004⁸). Ecolabelling fulfils five main functions: ecological, informative, stimulating, marketing and educational. As far as programme of product's ecological profiles is concerned (which in Western Countries was launched in 1991), we can find that it delivers much more detailed information about ecological aspects of production. Firstly, it provides such details as substances content by a product and stages of production which are crucial from ecological point of view. What is more it contains some tips concerning proper waste management and recycling.

⁸ <http://www.gen.gr.jp/eco.html>

3. Greenwashing

The term *greenwashing* can be defined as a marketing instrument used mainly by large corporations in order to give impression of ecological issues concern. The roots of this phenomenon are connected with 1960s when a group of activists began to suspect that energy companies are not fully honest with assurances as far as their ecological approach is concerned (Irish Times, October 02, 2007). Since this occurrence *greenwashing* become fully recognizable all over the world, especially after the Earth Summit in Rio de Janeiro in 1992 and is now associated with disinformation in the field of environmentally responsible public image.

TerraChoice, Philadelphia environmental marketing and consulting company formulated six signs of *greenwashing* which are presented on Figure 2. These are the most popular ploys used in order to gain a positive market image. Unfortunately, a lot of consumers are beguiled by these tricks, which make them sure of their contribution to environmental issues. That is why it is good to be familiar with these signs when purchasing a product and see through false context.

Figure 2. Six signs of greenwashing

Source: Author's own compilation based on Green with honesty, Goldberg Goff, Karen, Washington Times.

Fortunately there are some organization which decided to fight against false ecological marketing. They not only survey consumers and examine their knowledge or attitudes towards *greenwashing* but also encourage monitoring of advertising. Among others we can list:

- **Adeco USA Workplace** –the organization has successfully surveyed 2, 281 adults and reached a conclusion that 68% of consumers are fully aware of greenwashing actions taken by different companies,
- **The U.S. Federal Trade Commission**- which is working out and reviewing standards and restrictions on environmental marketing, which are now more and more severe for dishonest companies,
- **Enviro-Media**- a social marketing firm which has designed *greenwashing index*.
- **Greenpeace**-created its own anti-greenwashing site www.stopgreenwash.org

Another common tactic in the field of greenwashing applied by corporations is for example spending more money on advertising environmental achievements than actually doing something in this field. The similar situation concerns lobbying against environmental regulations and in the same time advertising an environmental achievements (Goldberg Goff, Karen, 2009). This time some more useful tips can be applied to save consumers from getting into *greenwashing* trap.

It is worth to remember that every single consumer has a right to collect as much information about the product as possible. Fortunately there are sources of knowledge such as Internet, television or ecological organizations which are eager to share their practice in the field of misleading ecological marketing (Wunderlich, 2008). Nowadays, it is also advisable to rely on the industry's designations, such as: EnergyStar, Greenguard, Sustainable Furniture Council (SFC), Fair Trade-Certified, WaterSense and Forest Stewardship Council (FSC).

Many recognizable and established companies risk their brand reputation by adopting green image only to achieve short-term goals and meet changing and moody consumers expectations. The key factor (although so called corporate sustainability is still a niche) seems to be credibility. This simple strategy is very reasonable, especially when public and governmental monitoring is becoming more and more effective. For example Advertising Standards Authority (ASA) reported that complaints about companies who made green claims had risen from 117 in 2006 to 561 in 2007 (Sunday Times, 2008). McKinsey company has a similar data, confirming that consumers are becoming increasingly cynical about eco-friendly companies and their claims.

One of examples of such monitoring and control is report of the Federal Trade Commission (FTC) known as "Green Guides" which is the longest established (was first published in 1994) practical guide to green and ethical living in the UK. All the information in this paper (also available online) are constantly updated. The aim (mission) of Green Guide is to change people's patterns of consumption and seeking greener alternatives to many products and services. To support this process the Green Guide provides all the essential information necessary to change what were previously the habits of a lifetime⁹. What is more it provides practical solutions and alternatives in the field of fashion, travel, food, beauty, education, house and household industries.

⁹ <http://www.greenguide.co.uk/>

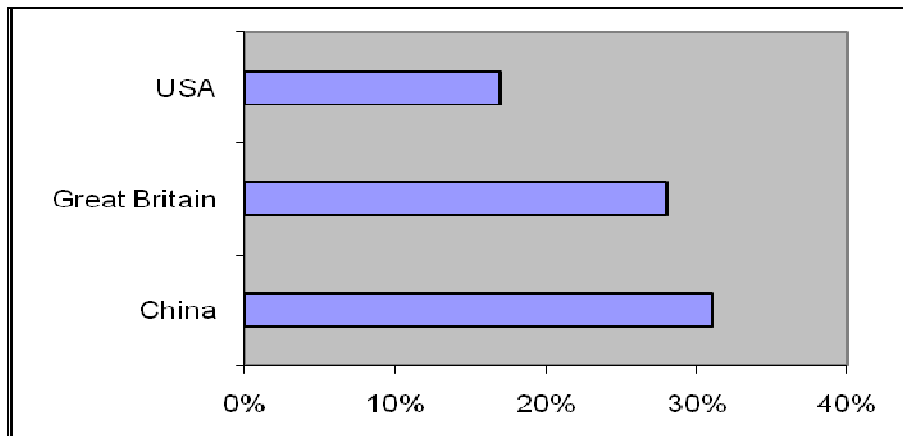
4. Consumers and greenwashing question

Despite the consumer awareness of environmental issues is systematically increasing, being “green” is frequently misunderstood. The real problem is that although attitudes towards eco-friendly products are changing, concrete actions of consumers do not follow. London strategist, Wendy Gordon, call this phenomenon 30:3 ratio. This mean that thirty percent of people claim to be concerned about environmental issues connected with products and services but only three percent translate this attitude into behavior. The main reasons for this are as follows:

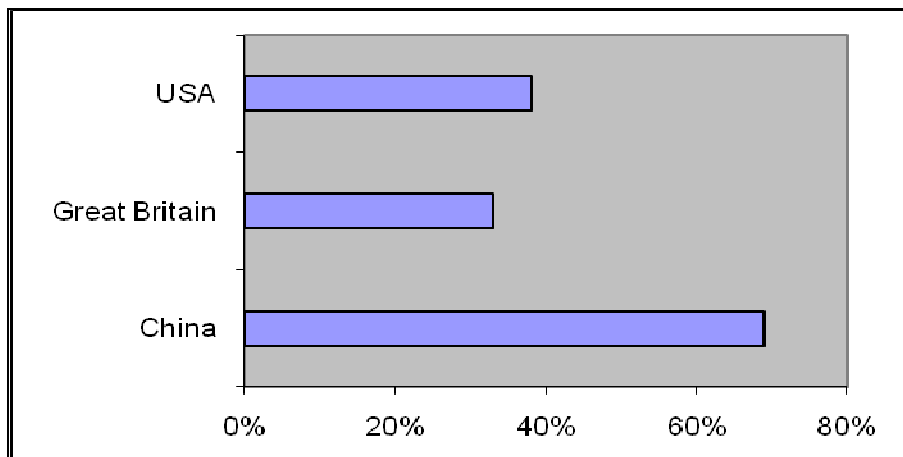
- **the brand remains** crucial-some people became attached to certain products (or services) and do not give eco-friendly attributes a special dispensation,
- **“green” feature is not the only reason for buying a product**-marketers pay too much attention to ethical or environmental benefits of a product (or service), not emphasizing other important qualities,
- **personal accountability, altered behavior and effective action**- first of all the key factor is to redefine the ways people consume (much more responsibly or simply less) and then try to convince them to buy from a particular company with “green” credentials (Helyer, Donaldson 2005).

In order to win mass market favour the problem of eco-friendly products should not be treated to seriously, because that can be to annoying and virtuous to majority of consumers. In reality they should not feel to much burdened with the environmental issues when buying the product or service. Instead of feeling uncomfortable during purchasing process, some instruments which will help to form new internal consumer’s behaviors should be worked out. It can take shape of projects launched by established, recognizable companies, aiming at customers who do not fully understand that eco-friendly products can be still fully functional and competitive on the mass market.

Some additional observations and remarks can be made after The Fifth China Branding Roundtable in Beijing. Members of this meeting could familiarize themselves with Green Brands Survey conducted by well-known marketing company WPP. The research concerned some environmental habits and behaviors of consumers in China, USA and Great Britain. The most important findings and trends are presented on Graph 1 and 2.

Graph 1. Consideration of environmental issues first when purchasing product/service

Source: Author's own compilation based on Business English Magazine 9/2009.

Graph 2. Attitudes towards future buying habits

Source: Author's own compilation based on Business English Magazine 9/2009.

It can be concluded that only 17% of Americans considered environmental issues as vital when choosing what to buy. Chinese consumers, on the other hand, are much more conscious of the state of the environment and (as other part of survey showed) are also eager to play an active role in influencing not only their own behaviors but also those of businesses. The products that Chinese consumers plan to spend more money on can be classified as day-to-day items such as cleaning supplies, white goods and cosmetics. Landor Associates (one of WPP agencies) have also concluded that some green actions are becoming mainstream in China. Almost 40% of those surveyed

admitted that they recycle, eat organic food and buy environmentally friendly products (Business English Magazine, 2009 p. 43-45). The Chinese generally believe that the greenest industries are technology, electronic and financial services. According to responses the three top green companies are: Haier (Chinese appliance manufacturer; Baidu (Chinese internet search engine) and Lenovo. These companies are perceived as environmental conscious and consumers appreciated their efforts to cut waste and pollution. Unfortunately it seems that future buying habits (Graph 2.) are not going to change so significantly as far as western consumers are concerned. In China, however the percentage of buyers which will take environmental issues into consideration will double. It may be connected with the fact that this country struggle with extensive pollution problems which can be treated as a price for fast economic development. The main problem is the quality of air especially in cities like Pekin and Shanghai which is the result of common coal consumption and the rising number of vehicles on the road.

5. Conclusion

In order to eliminate *greenwashing* phenomenon from socio-economic reality, complex and mutual cooperation between various market actors is needed. It means strict cooperation between suppliers, industrial buyers, government, and various ecological organizations. The last link of this chain accounts for final consumers who should really manifest his genuine approach to environmental issues (as Chinese example indicates). Otherwise, when less importance will be placed on this field, false marketing will do, and consumers content themselves with seeming actions in aid of supporting environment. Unfortunately this is not enough to improve overall situation and build “green industries”.

It is generally agreed that environmental issues (especially where business and ecology meet) are complex and ambiguous, but the fact does not release corporations from responsibility for implementation of sustainable development idea within development strategies. The key point is that corporate responsibility should not be manifested by *greenwashing* practices but should become an integral part of company’s organizational structure, manufacturing and finally marketing activities. It indicates that a model of corporations approach to economic and environment problems should alter. The philosophy of continuous growth of profits and waste should be replaced with the philosophy of sustainability and natural resources respect. Although we can say in some sense that they are given to humanity for “free” it should be remembered that they are

fully limited and this fact in the short period of time can turn against corporations that regards *greenwashing* as sufficient contribution to global environment protection.

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