

ШЕСТТЕ ГРЯХА НА ЗЕЛЕНИЯ МАРКЕТИНГ
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THE SIX SINS OF GREENWASHING
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Abstract

The environmental issues pose one of the biggest threats to humankind. Today, we are all faced with serious environmental problems that cannot further be ignored. The biggest environmental threats that endanger the Planet's survival are climate change, deforestation, pollution, loss of biodiversity, melting polar ice and rising sea levels, oceanic dead zones, and explosive population growth. They suddenly became an alarm for action for every person in the Earth.

In the early 1990s, global concern about environment protection intensified and there was a rapid rise in products with environmental claims. Consumers became more conscious that their consumption impacts the environment. Companies started to promote their products as "green" to attract a growing environmentally aware segment. Companies have recognized environmental concerns as a source of competitive advantage.

However, in attracting a "green" audience, companies often used claims that sound environmental, but were actually vague, and at times false. These suspicious environmental claims have caused consumers to question corporate honesty. "Greenwashing", as a new term, is defined as a disinformation disseminated by companies so as to present an environmentally responsible public image. It is the act of misleading consumers regarding

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the environmental practices of a company or the environmental benefits of a product or service. Terra Choice listed six sins of greenwashing: sin of the hidden trade off, sin of no proof, sin of vagueness, sin of irrelevance, sin of lesser of two evils and sin of fibbing. The concern over greenwashing is not only that it misleads consumers, but also that if unscrupulous marketers continue to claim to be environmentally friendly, then companies true to their environmental mission lose their competitive edge.

This paper aims to give directions to companies and consumers on how to cope with greenwashing practices.

Keywords: *greenwashing, competitive advantage, environment, environment protection, environmentally awareness, green products*

JEL Codes: *M31, Q50*

INTRODUCTION

Recently, environmental issues have become an **increasingly popular topic** discussed in academic literature. Consumers and companies directed their attention toward environment friendly products which are termed as “green” products, since they (especially consumers) have become more conscious about environmental issues. This growing issue forced companies to respond by developing eco-friendly practice that affects not only the production process but also the resulting product. The “green” phenomenon of the ‘90s appears again today, when many manufacturers revalue the promotion of their products, or even themselves, as being green to attract a growing environmentally aware segment. Green marketing is a holistic concept where the production, marketing, consumption and disposal of products and services happen in manner that is less detrimental to the environment.

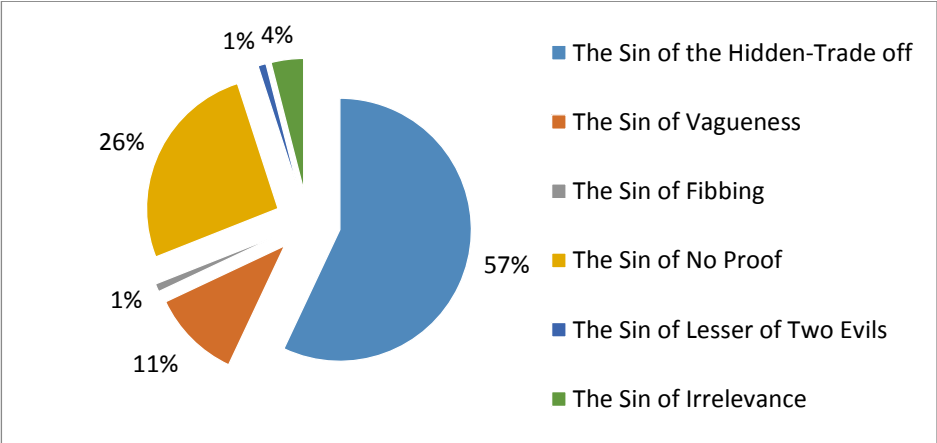
In attracting a green audience, companies **often use claims** that sound environmentally friendly, but are actually vague, and at times may be false. Store shelves are filled with products claiming to be good for the environment. Almost every product claims to be “natural”, “sustainable”, “recyclable”, “biodegradable”, “earth friendly”, “gentle”, “kind”, etc. It seems that companies everywhere are using a buzz word and displaying it on their packaging, websites and commercials. How can consumers be sure of the accuracy of these statements, especially when they often found **inconsistency** between what is claimed and its actual behaviour? This perceived inconsistency and other negative perceptions toward green products can negatively affect on consumer purchase intention. Another reason why consumers may be suspicious of green advertising claims is that the scientific knowledge required to understand many environmental issues is

often complex and subject to change, thereby making it difficult for the general public to comprehend. In addition, comparisons made between products are frequently limited to a single environmental benefit, making the claim incomplete and misleading. This growing confusion among consumers regarding the environmental claims of many products is called **greenwashing**.

Greenwashing is defined as the dissemination of false or incomplete information by a company to present an environmentally responsible public image (Kotler, Keller, 2012). It is a deceptive or misleading advertising, designed to make products appear more eco-friendly. Greenwashing is the act of misleading consumer regarding the environmental practices of a company or the environmental benefits of a product or service (Polonsky, 2011). It is a fraud made by companies when they pretend they help the environment by using green marketing. It could more accurately be called deceit, deception, dishonesty, distortion, exaggeration, falsification, fiction, fraud, and misrepresentation concerning the impact on the environment of products, services and processes.

The environmental marketing firm **Terra Choice** (Terra Choice, 2007) evaluated more than 1.000 retail products for their environmental claims. Based on its research, the firm came up with what it calls "**The Six Sins of Greenwashing**." The firm found that over 1.000 self-declared green products reviewed, all but one exhibited some form of greenwash.

Table 1: Sins by category



Source: Terra Choice (November 2007), "The Six Sins of Greenwashing", A green paper, Terra Choice Environmental marketing agency (<http://sinsofgreenwashing.com/index6b90.pdf>)

1. SIN OF THE HIDDEN TRADE-OFF

In the study of Terra Choice, the sin of the hidden trade-off was the most frequently committed sin, made by **57% of all environmental claims**.

The sin of the hidden trade-off **means** that a product is proclaimed as “green”, based on a single environmental attribute or an unreasonably narrow set of attributes, while ignoring others, perhaps more important, that could pose a threat to the environment. On the one hand, the product may indeed possess an environmental attribute (recycled content of the paper), but on the other hand the process of its production or distribution threatens the environment.

Examples are paper and lumber products that promote their recycled content regardless their manufacturing impacts such as air and water emissions, energy waste, forest destruction and global warming impacts. Also, office technology (printers, copiers, fax machines) promote energy efficiency without paying attention to hazardous material content, indoor air quality, or compatibility with recycled paper or remanufactured toner cartridges. Other examples are ink cartridges, laundry detergents, dish detergents, air fresheners, bathroom cleaners, markers, flooring laminate, bags, multi-purpose cleaners, wood panels, and pesticides.

Consumers are usually confused about which products actually do help the environment. Consumers that are more eco-aware, need to look for additional information that gives a more complete picture of the environmental impact of the product. They need to question the company whether the “green” claim is restricted to just one or to a narrow set of environmental issues. What are the impacts of its production, transportation, distribution to the environment? Is the manufacturer trying to reduce these impacts and how? (Mayer, Scammon& Zick, 1993)

Companies must ensure that environmental claims are honest, fair, and sincere and they reflect the organization’s mission (Frazier, 2008). They need to be clear about what the claim is referring to. What is “green”? Is it the product, the product’s packaging, a service, or just a portion or component of the product or service. There is no such thing as a perfectly “green” product. Companies are not required to market the perfect green products, but their honesty and transparency are paramount. In order to avoid this sin, companies are asked not to make claims about a single environmental impact or benefit, without knowing how the product performs in terms of its other impacts and without sharing that information with the customers.

2. SIN OF NO PROOF

With **approximately 26% of the environmental claims** made, the sin of no proof is the second most frequently committed sin.

The sin of no proof **consists** of making environmental claims about qualities that the product is believed to have but without offering neither evidence of them, nor a reliable certification.

Examples are household lamps and lights that promote their energy efficiency without any supporting evidence or certification. Also, products for personal care (shampoos and conditioners) that claim not to have been tested on animals, offer no evidence or certification of this claim.

Customers, in such cases, need to ask for more information and evidence. It may not be reasonable to expect a product label or a point-of-purchase brochure to provide detailed scientific explanations of a green claim. However, it is reasonable to expect a product label or brochure to direct the consumer to where he can find further evidence. Good green marketing helps the consumer find the evidence and learn more. Company websites, third-party certifiers, and toll-free phone numbers are easy and effective means of delivering proof. One of the most useful tools to avoid greenwashing is to educate the consumers to look for eco-labels, that are standardized by ISO 14024 or for products that have been certified by a qualified and independent third-party.

Companies, that honestly claim that are eco-friendly, need to be prepared to provide evidence to anyone that asks or rely on third-party certification for their products.

3. SIN OF VAGUENESS

According to Terra Choice, this sin is committed with **11% of the environmental claims**.

This sin of vagueness is **committed** every time when company gives claims that are too broad or poorly defined and their real meaning is likely to be misunderstood by the consumers.

Examples are all those products that have taglines like “100 natural”, “all-natural”, “chemical-free”, “non-toxic”, “green”, “environmentally friendly”, “eco-conscious”, which are utterly meaningless without elaboration and evidence. In fact, nothing is free of chemicals (water is a chemical), everything is toxic in

sufficient dosage (water, oxygen, salt are potentially hazardous), some natural materials are poisonous (arsenic, uranium, mercury, formaldehyde), etc.

Consumers find that claims like “non-toxic”, “all-natural”, “environmentally friendly”, “earth-friendly”, without adequate explanation, are vague and meaningless. In order to avoid these misleading green claims, companies must provide strong evidence.

Companies have to be cautious when using vague names and terms and if they do, then it is preferable to provide precise explanations of their meaning. Companies are required not to use terms as “chemical-free” or “all-natural”.

4. SIN OF IRRELEVANCE

The sin of irrelevance accounted for **4% of the environmental claims**.

The sin of irrelevance **is** an environmental claim that may be truthful but is unimportant or unhelpful for consumers seeking environmentally preferable products. It is irrelevant and therefore distracts the consumer from finding a truly “greener” option.

The most frequent **example** of an irrelevant claim relates to chlorofluorocarbons (CFCs) – a principal contributor to ozone depletion. Since CFCs have been legally banned for almost 30 years, there are no products that are manufactured with it. Nevertheless, Terra Choice found many individual products that present CFC-free claims as an apparently unique environmental advantage.

Customers need to ask themselves if the claim is important and relevant to the product. The claim “CFC-free” is meaningless and irrelevant because no products are manufactured with CFCs. Other cases may be harder to detect. However, if the claim seems illogical and disconnected from the product, it may be irrelevant. If a light bulb claims water efficiency, the consumer should be suspicious.

Companies don’t have to use CFC-free claims because they are not making any legitimate point of competitive differentiation.

5. SIN OF LESSER OF TWO EVILS

In the study of Terra Choice, this sin is committed by **approximately 1% of environmental claims**.

The sin of lesser of two evils **is a claim** that may be true within the product category, but that risks distracting the consumer from the greater environmental impacts of the category as a whole.

Example for this sin is the promotion of organic cigarettes that may be a more responsible choice for smokers, but still are hazardous for human's life.

Consumers have to be careful with the environmental claims like "organic", "green" that are placed on products in which the entire product category is of questionable environmental value.

Companies are asked not to try to make a customer feel better and "green" about a choice that is basically harmful or unnecessary.

6. SIN OF FIBBING

The company Terra Choice found out that **less than 1% of environmental claims** are committed by the sin of fibbing. This makes it one of the two least frequently committed sins.

The sin of fibbing **means** that environmental claims are simply false.

Examples are several shampoos that claimed to be "organic certified" without any proof and a dishwasher detergent that claims it is packed in "100% recycled paper" but yet the container is plastic.

For **consumers**, this sin can be difficult to detect. Only the legitimate third-party can confirm that products are environmental friendly and certified.

Companies that care about their eco-image need to tell the truth. Always and always to tell the truth.

CONCLUSION

Green marketing is a powerful tool used by companies and consumers. More and more consumers use their spending as an expression of their environmental commitment. They want to ease their consciousness that they do not contribute for environment pollution. On the other hand, more and more companies are establishing environmental performance as a point of competitive distinction and social responsibility. The purpose of this study is not to discourage green marketing, nor to indict particular companies. It is not intended to scare consumers away from green claims. The main purpose is to assist marketers and consumers to build a more honest and effective dialogue about the environmental impacts of products.

Greenwashing as a way of misleading and confusing consumers is a shared problem and opportunity. When green marketing overcomes these challenges, consumers will be better able to trust green claims and genuinely environmentally

preferable products will penetrate their markets more rapidly and deeply. This will be great for consumers, great for business, and great for the planet.

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