Fundamental and applied researches in practice of leading scientific schools

journal homepage: <http://farplss.org>
doi: 10.33531/farplss.2019.3.04

ISSN 2313-7525

Greenwashing – fake green/environmental marketing

M. Lukinović

Faculty of law Union University, Belgrade, Serbia

L. Jovanović

University Alfa, Belgrade, Serbia

Article info

Lukinović, M., Jovanović, L. (2019). Greenwashing – fake green/environmental marketing. Fundamental and applied researches in practice of leading scientific schools, 33 (3), 15–17.

Accepted 30.06.2019

Faculty of law Union
University, Belgrade, Serbia.

University Alfa, Belgrade,
Serbia.

In this paper, the authors will present forms of fake green/environmental marketing, and above all, greenwashing, its manifestations, as well as its adverse impact. Along with the examples from the practice, the authors will also present legislative solutions grounded in comparative law, with a special emphasis on the solutions used within the Republic of Serbia. The adverse impact of greenwashing is hardly calculated, above all due to its great indirect impact on the consumers (creating mistrust, skepticism, confusion, resentment towards green products).

Keywords: green marketing; greenwashing; socially responsible business; organic products.

Introduction

Understanding that our planet's resources are not unlimited, as well as that degradation of nature might lead towards degradation of health of human beings, had influenced the development of ideas regarding the necessity of reduction of use of natural material resources (Premovic, Djokic, Arsic, 2018). An increasing number of producers and service providers, to create a competitive advantage, resort to marketing that presents environmental benefits of the product (Miletić, Ničić, Janković, 2017). Sustainable development and nature preservation have become two very significant topics that preoccupy not only environmental activists, but also the customers, who have become aware that the environment is not as it was before and have begun expressing an interest in environmentally safe products. The growing environmental conscience has led to emergence of an interest among the consumers whether the said product is healthy, what is its impact on the environment when its life cycle ends, etc. (Cajka, Jovanovic, Radosavljevic, 2017).

Green marketing

Strengthening of global competition, increase of educational and cultural level of the consumer, as well as better supply of information, has led to observations that make the reduction of degradation of nature a competitive advantage. The following terms are also used as synonyms

for the concept of greenwashing: sustainable marketing, environmental marketing, and green marketing (Kumar, Lata, 2014).

The negative impact of the humanity on the environment, as well as the rise in environmental conscience, have influenced the consumers, and thus the new approaches in marketing. Through the promotion of the green concept in the media, the conscience of consumers regarding the environment has significantly improved, leading to introduction of elements of corporate responsible business. Consumers prefer to connect with socially responsible companies and highlighting the specificity of the quality of green products contributes to higher marketing effectiveness (Ferrell, Hartline, 2012).

Interbrand company creates a list of the best green brands in the world every year. The ranking is conducted based on the data provided by the *Deloitte* audit house, which assesses environmental performances of the top brands world-wide, based on 83 indicators from six different fields (products and services, management, stakeholders' involvement, activities, chain of supply, transport and logistics).

The American Marketing Association (AMA) was, in 1975, the first to provide a definition of green marketing: "green marketing is the study of positive and negative aspects of marketing activities towards pollution, energy drainage and drainage of non-energy resources" (Tolušić, Dumančić, Bogdan, 2014). Still, the most often cited is the

Volume 33, Number 3, 2019

UNEP (United Nations Environment Programme) definition of green economy: "economy which results in improvement of well-being and social equality of the humanity, while significantly decreasing environmental risks".

Green marketing is based on propagation through reduced use of natural resources, lower energy use, reuse of packaging and its parts, and recycling (Begić, 2015).

<https://www.interbrand.com/wp-content/uploads/2015/08/Interbrand-Best-Global-Green-Brands-2014-Overview-8.pdf>

Greenwashing

The word green has become a symbol of the fight for the environment. Many companies, in an attempt to improve their image or sell their products, present them as "green" (Manić, Riznić, Miletić, 2017).

Research show that up to seven out of ten customers are willing to pay additional 20% on the price for products that are eco-friendly (CSG Releases Guide to Buying Green Infographic). On the British market, there are 73% more "green" products present today, in comparison to the 2009 market (Pauley, 2019), of which, more than 95% represent examples of greenwashing (TerraChoice, 2010).

Greenpeace has defined greenwashing as "the act of tricking the consumers regarding the environmental responsibility of the company or environmental benefit of its products and services" (Derville Gallicano, 2011).

The term greenwashing or eco manipulation refers to the increasingly common practice among companies to spend more funds and time on creating an image of environmental orientation through commercials and marketing campaigns, than on conducting activities that would reduce the negative impact on the environment within their business. Those companies build their image by "painting" themselves and their products green, even though it is simply an act of eco manipulation (Kozbasic, 2019).

Environmental marketing company TerraChoice defined in 2008 the "Seven sins of eco manipulations":

1. declaring a product "green" (based on one unacceptably narrow criterion and without giving significance to other, sometimes even more important aspects of "green" and "sustainable");
2. lack of proof (highlighting "green" features of products without relevant proof);
3. uncertainty (unclear or too wide definition aimed at leading the customers towards wrong conclusions);
4. insignificance (highlighting "green" features that are completely insignificant);

5. openly lying (highlighting "green" features of products that are not truthful);

6. presenting the lesser evil (even though the statement might be true within the said product's category, there is a danger that the customer might oversee the significant aspects of the impact on the environment of the said category as a whole);

7. false labelling (creating an impression that the product was recommended by a neutral arbitrator or an expert in the given field) (Delmas, Cuerel Burbano, 2011).

The term greenwashing is a dominant name for deceiving marketing used for promotion of products, goals or policies of organizations that increase the total revenue gained by the said product, but the following terms are also used: eco-bleaching, whitewash, eco-washing, green washing, green makeup, and green image washing (Kahle, Gurel-Atay, 2015).

The producers also deceive the public opinion in different ways: from energy companies that promote themselves on the basis of green technologies, but basing the majority of its business on technologies based on the combustion of fossil fuel, to hotel chains that promote themselves by enabling their guests to reuse sheets and towels, but put a small effort in saving water, electricity or using environmentally safe detergents.

The negative impact of greenwashing is expressed the most through its impact on the environment and its social impact. Many of the leading greenwashing are at the same time the biggest polluters. Even though the social impact is not that evident, it is not at all less important (Vos, 2009).

Within the comparative law, there isn't any official legal definition, nor there are common doctrinal elements that legally determine "greenwashing" (Cherry, 2014). In most cases, legal provisions for false and deceiving marketing and illegal use of quality and standard labels apply to the offender.

Various governmental and non-governmental agencies are involved in regulating emission of green marketing messages: The Green Guide - The U.S. Federal Trade Commission (FTC) has created in 1998 *The Green Guide* with the goal of reducing "the fraud potential" that is being done through green marketing; Environmental Claims Guide - The Canadian Competition Bureau (CSA), in cooperation with the Canadian Competition Bureau, has created in 2008 *The Environmental Claims: A Guide for Industry and Advertisers*. This guide represents guidelines for prevention of greenwashing; The Green Claims Code - The U.K. Department for Environment, Food and Rural Affairs (DEFRA) has published *The Green Claims Code* (Stojiljković, 2015); International Standard Organization has created the *ISO 14021 standard*, that was later retracted and replaced with the *ISO 14044:2006 standard*, a voluntary standard that governs the environmental management, assesses the life cycle and determine the rules and regulations of use.

Within the territory of the Republic of Serbia, the use of labels that emphasize special features of goods or services is regulated by the Trade Law ("The Official Gazette of the Republic of Serbia", no. 53/2010, 10/2013 and 44/2018 - state law). The special feature labels are not recognized quality standards, conformity marks, geographical indications of origin or advertising messages (used for stressing the features of the said goods/services without

claiming that it is based on the results of a conducted research), but labels used for pointing out the said goods or services in comparison to another offer of the same type (and that are based on the results of the conducted independent research). Special feature labels can be used in accordance with the conditions of issuing the special feature labels, that is, the criteria created by the authorized label issuer.

The Advertising Law of the Republic of Serbia ("The Official Gazette of the Republic of Serbia", no. 6/2016) stipulates that advertising message must be true, as well as that it must not misuse someone's trust. Any advertising that, in any way, deceives the receiver of the advertising message and that might have an impact on its economic behavior, is regarded as deceiving advertising. Upon determining whether a certain advertising is deceiving, all of its characteristics are taken into consideration, and especially every information contained by the said advertising regarding the features of goods or services, such as: nature, content, specification, method of use, suitability for use for certain purposes, the expected results after using the said goods or services, results or other indications gained through testing and examinations conducted on the said goods or services.

Conclusion

By excessively exploiting the nature, the limit of self-renewal of the environment is crossed, and this has caused a strong reaction among activists, and thus the consumers world-wide. Still, environmental conscience is not on a satisfactory level in order to set the change in motion. Because of that, the effects of greenwashing are far more devastating than they seem. Given that a significant number of consumers prefer to relate themselves with companies that take care of the environment (Yazdanifard, Mercy, 2011), such forms of manipulation lead to the creation of mistrust, skepticism, confusion, and resentment towards green products.

The damage done by greenwashing is multilayered, and it seems that the biggest one is the cumulative effect of different types of greenwashing (from misuse, deceiving advertising, fraud and dishonesty) on the consumers' trust. This additionally degrades other efforts in the field of social responsibility.

References

- Cherry, M. A. (2014). The Law and Economics of Corporate Social Responsibility and Greenwashing, 14 U.C. Davis Business Law Journal 282, Saint Louis U. Legal Studies Research Paper, p. 22.
- CSG Releases Guide to Buying Green Infographic. Retrieved from: <https://www.prlog.org/11636968-csg-releases-guide-to-buying-green-infographic.html>, Accessed: 01.05.2019
- Čajka, Z., Jovanović, L., Radosavljević, M. (2017). Principi održivih marketing komunikacija, *Ecologica*, 87, p. 683 - 687.
- Delmas, M. A., Cuerel Burbano, V. (2011). The Drivers of Greenwashing, *California Management Review*, Vol. 54 issue: 1, p. 64-87.
- Ferrell, O. C., Hartline, M. D. (2012). *Marketing Strategy: Text and Cases* (International edition), Cengage Learning; 6th edition, p. 60.
- Kahle, L. R., Gurel-Atay, E. (2015). *Communicating sustainability for the green economy*, Abingdon, Oxon, Routledge.
- Kozbašić, J., Kako prepoznati „greenwashing“, lažno zeleni marketing, Energetski portal, Retrieved from: <https://www.energetskiportal.rs/kako-prepoznati-greenwashing-lazno-zeleni-marketing/>, Accessed: 01.05.2019
- Kumar, D., Lata, S. (2014). Green marketing Strategies - A Study of Selected Leading Companies, *International Journal of Research*, 1 (5), 127-134.
- Manić, M., Riznić, D., Miletić, D. (2017). Uloga i značaj zelenog marketinga u funkciji zaštite vodnih resursa Srbije, *Ecologica*, 87, 661-665.
- Miletić, Lj., Ničić, M., Janković, J., Dobrosavljev, S. (2017). Upravljanje procesom eko marketinga u funkciji održivog razvoja, *Ecologica*, 87, p. 655 - 659.
- Pauley, N., What is greenwash and why will it affect your construction business? Retrieved from: <https://www.pauleycreative.co.uk/2012/02/what-is-greenwash-and-why-will-it-affect-your-business/>, Accessed: 01.05.2019
- Premović, J., Đokić, N., Arsić, Lj., Micić, R. (2018). Zelena ekonomija - održiva ekonomija XXI veka, 91, 512 - 516.
- TerraChoice, The Sins of Greenwashing Home and Family Edition 1, 16, 2010, Retrieved from: <http://sinsofgreenwashing.org/index35c6.pdf>. Accessed: 30.04.2019.
- Tolušić, Z., Dumančić, E., Bogdan, K. (2014). Društveno odgovorno poslovanje i zeleni marketing, *Agroeconomia Croatica*, vol.4, No. 1, 25-31.
- Vos, J. (2009). Actions Speak Louder than Words: Greenwashing in Corporate America, 23 Notre Dame J.L. Ethics & Pub. Pol'y 673.
- Yazdanifard, R., Mercy, I. E. (2011). The impact of Green Marketing on Customer satisfaction and Environmental safety, Conference: International Conference on Computer Communication and Management - ICCM, Sydney, Australia, 637-641.
- The power of participation (2014). Retrieved from: www.interbrand.com/wp-content/uploads/2015/08/Interbrand-Best-Global-Green-Brands-2014-Overview-8.pdf