Greenwashing in Companies Activity – Causes of Use and Efficacy

Summary

The image of a company and its offer stems from characteristics which are highlighted in promotion, as well as from everything that a potential recipient of information is able to find in the market. Building the image of ecologically sensitive and responsible business may affect not only its perception, but also purchase decisions of customers. It seems, however, that in recent years statements and symbols relating to ecology, nature, and sustainable development are excessively exploited. Manifestation of this trend is greenwashing, defined as an apparent care for the environment by suggesting that the product is environmentally friendly (or natural), or a company is ecologically sensitive, which is not entirely true. But through such activities an image of a socially responsible business may be built.

A purpose of this article is to show the essence of greenwashing and to verify the thesis that greenwashing affects purchasing decisions of customers only in some situations. It was found that greenwashing means information that is partly false, irrelevant, incomprehensible, or omits important issues. So, it could be stated that a manufacturer deceives potential customers. Results of research show, however, that consumers are guided not only by information about environmental characteristics of products, but also by a good brand and aesthetics. Thus, the thesis has been verified positively.

This article is under a case study and research categories, because it discusses a case of greenwashing and shows original results of the test.

Key words: creation of image, consumer behaviour, purchase decision, ecology, promotion, business responsibility.

JEL codes: M14, M31

Introduction

Protection of the environment and the pursuit of sustainable development arise from too expansive human activity and desire to preserve Earth’s resources for future generations. However, this willingness on the side of business is often only declarative. It means that they take apparent actions, or simply do nothing, informing about a broad commitment at the same time (Zatwardnicka-Madura 2013, p. 287-300; Witek 2013, p. 123-134; Parguel, Benoît-Moreau, Larceneux 2011, p. 15-28). On the other hand, 76% of leaders believe that success in business in the future will be connected with transparency and commitment (Who Cares Wins… 2010), so surely some companies come with conviction to pro-environmental
actions and will lead towards more responsible business. Today, it manifests itself in environmental programmes or broader activities known as CSR (Corporate Social Responsibility).

The term greenwashing was created by an environmentalist and activist Jay Westerveld in 1986. Then, in one of the hotels, he read information that a hotel asked for towels’ reuse, because thanks to this less gallons of wash water would be used and important natural resource would be rescued (Motavalli 2011). Westerveld wrote then an article about the apparent environmental activities, calling them greenwashing.

Environmental issues were noticed, however, much earlier than the term greenwashing appeared. It is worth mentioning, for example, that 22 April 1970 was the first Day of the Earth, which was a result of concerns related to wars, consumerism and destruction of natural resources (www.earthday.org). Currently, greenwashing refers to the practice of apparent efforts of protecting the environment and suggestion that a company bears some costs of these activities, when in fact it even earns. Hence, greenwashing shows a market strategy of a company in false light; therefore it is a lie (www.springerreference.com). The main reason for this behaviour is the desire to create a positive image, understood as a result of company’s activities positioning, classifying it as something better than competition. So greenwashing’s aim is to convince potential customers that a given company and its offer care about social expectations and are environmentally friendly, so clients should buy their products.

The article discusses two main topics: characteristics of greenwashing and its influence on potential customers. And it poses a thesis that greenwashing is relevant only for some products and not always encourages customers to buy. The purpose of this article is to determine characteristics of greenwashing on a selected example and verification of the thesis that greenwashing affects purchasing decisions of customers only in some situations. In order to verify the thesis, purchasing test of 21 products was performed, of which 9 had features of green, eco or natural products. The main research method is a test and a documentary analysis. Test results should be viewed with caution, however, because the group of respondents was small (59 people) and was composed of students at age of 19-21 years only.

Creation of the image

The image of a company and its offer is a result of different characteristics highlighted in promotion, and also a result of what a potential recipient of information is able to find in the market. Therefore, the history of a company, its products along with packaging, affect an image as well as experience of other consumers, as well as commercial and statistical information. From a company’s point of view it’s important that actual market activities and information activities are consistent because only then it will build a positive image effectively. The concept of image building, but also the overall philosophy of a company based on social and environmental needs, is known as corporate social responsibility (CSR). It is defined as a plan of running a company under which business activities are integrated with social and environmental issues on a voluntary basis (Nyilasy, Gangadharbatla, Paladino A 2013).
So, if a company is obliged by law to manage its waste adequately, then you cannot call it CSR, but if a company voluntarily limits production of waste, or tries to reuse it, then we may talk about social responsibility. Such a good image, for example, can be built by “green promotion”, understood as promotion of environmentally-friendly products. One could clarify this notion giving the concept of Banerjee, Gulas and Iyer (1995, p. 21-31), who thought that a message should meet at least one of the criteria given below:
1) clearly refer to the relationship between product and environment,
2) promote a green lifestyle,
3) show a given company as an environmentally responsible one.

Green promotion, however, from definition talks about actual relationships of a product (or company) with nature. So, it differs from greenwashing as it contains an element of truth. While greenwashing is attributed mostly to advertising, in this article the analysis will be focused on relationships between the offered product and the environment. Modern consumers are increasingly aware of a negative impact of human activity on the environment (Witek 2013), hence they want to have the feeling that they do not cause degradation, and even may do something good.

It is significant that more often they think not only about organic food, but also lower energy and water consumption, minimising waste from households, waste segregation, etc. Thus, in response to the trend, there is more and more natural food in the market, but also other products described as environmentally friendly. Often, however, these compounds are false, which is analysed in the following part of the article. Building the image of environmentally sensitive, responsible business, can affect not only its perception, but also purchase decisions of customers. They can react positively (buying more often) in case of socially desirable behaviour of a company and react negatively (for example, boycotting products) in case of irresponsible behaviour. Especially at a time when consumers evaluate pro-social actions as selfish, or associated only with building goodwill in financial markets, one can expect negative reactions. The question of how a given company behaves is also important to employees, suppliers and public authorities.

But one should also remember that studies discussing pro-ecological consumer attitudes often talk about declarations, not actual decisions. Therefore, the conducted research presents a multiple choice test that shows more real behaviour of potential customers. It seems that many manufacturers, however, believe in the power of organic and natural brands, as companies such as Enea, Nivea, Samsung, Coca-Cola, McDonalds, Toyota and Ryan Air have been accused of greenwashing. We can observe it also in stores that promote ecological shopping bags, in case of many cosmetic and hygiene products (such as baby diapers with green tea), and even in case of coal (Eco-peas).

The essence of greenwashing

In practice, a given company’s impact on the environment results from three aspects: the specific nature of operations, introduced regulations and organisation of processes (Delmas,
This means that the pro-environmental behaviour should be assessed in the context of close businesses or one industry, as a comparison assumes similarities from above. However, one should assume that certain areas are directly related to harmful economic activity (chemical, cosmetic or mining industry), hence they are vulnerable to sceptical assessments and it is difficult to talk about ecological image, although the implementation of CSR is very much possible.

In recent years, in fact terms relating to ecology, nature, and sustainable development, have become overexploited. In the view of the effects of global warming, disappearance of species, depletion of natural resources, almost everyone wants to be “eco”. This can be seen in advertisements and other promotional materials, as well as on different products’ packaging.

While analysing information about activities of companies, one should pay attention to whether information about characteristics of a product is true, if placed symbols and labels are honest, or highlighted information is relevant, and if statements and symbols suggest the actual relationship with nature.

In particular, one should note if a manufacturer:
1) defines a product as eco, or “green” using a full analysis of the components, emphasising some and excluding others,
2) provides information that is difficult to verify,
3) emphasises expressions, statements that are vague, or may be misunderstood by consumers,
4) writes accurate information, but which is not relevant to consumers seeking eco-friendly products,
5) suggests that something is the lesser evil,
6) gives false information on the functioning / use of the product,
7) composes labels whose aesthetics suggests relationships with nature or ecology (The Sins of Greenwashing 2010).

So, if reasoning leads to the conclusion that the decoded information has little in common with reality, then we have to deal with the practice of greenwashing.

Manifestations of greenwashing can be found quite often in each area. A product called lavender ecological washing liquid produced by Sonett company will serve as a case study in this article. It should be mentioned here that the purchase of this product, inter alia, has been studied in the presented test.

The main component of the liquid is rapeseed oil. According to the manufacturer: “Soap made of rapeseed oil is very effective in washing and removing stains, but gentle to fabrics. Thanks to surfactant plant compounds, cleaning action of soap is used to the maximum extent even in water with a higher degree of hardness and low temperatures of 30-40 C. The product is:
- especially useful for laundering in hard, clay water,
- for white and coloured fabrics,
Immediately, however, below the characteristics of product, the same manufacturer recommends concurrent use of a water softener when the water is very hard or hard, otherwise the washing effect will be inadequate! So, for ecological washing we need water, liquid detergent and a softener, and this will be subjected to a more detailed analysis. Let us look at washing liquid first - an analysis of the product is presented in Table 1.

As mentioned, we can talk about greenwashing if information provided by a manufacturer is inaccurate, irrelevant, incomprehensible, or omits important issues. In Table 1, we have all these situations. As for the use of the product – the manufacturer himself denies the information given in an introduction of the product leaflet since he indicates that to wash clothing, the water softener is needed, so washing liquid alone is not enough. It is also not true that the use of the liquid is associated with an automatic biodegradation, as biodegradation involves the biochemical decomposition of organic substances by saprobionts (mainly bacteria and fungi), but also protozoa, actinomycetes, algae and worms, to simple inorganic compounds.

Table 1

**The suggested and real characteristics of the organic washing liquid**

<table>
<thead>
<tr>
<th>Feature described by manufacturer</th>
<th>Evaluation of a feature in practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Liquid for each type of water, including hard</td>
<td>This is not true because manufacturer recommends a hard water softener</td>
</tr>
<tr>
<td>2 For colour and white fabrics</td>
<td>Irrelevant immaterial information, there are no other fabrics</td>
</tr>
<tr>
<td>3 Undergoes complete biodegradation</td>
<td>Biodegradation is conditional - must meet a number of conditions</td>
</tr>
<tr>
<td>4 The primary component is rapeseed oil</td>
<td>Production of rapeseed oil is not environmentally friendly</td>
</tr>
</tbody>
</table>

Source: own study.

The most common use of biodegradation in practice is emergency filters in biological sewage purification plants and biological ponds, used for fermentation treatment of waste. As a result, it is necessary to ensure appropriate conditions for microbial performing biodegradation if this process should take place – keep the right temperature processes and remove toxic for a biodegradation substances from wastewater (e.g. detergents, pesticides). If sludge and wastewater does not go to prepared reservoirs, there will be no biodegradation (http://www.pl.wikipedia.org). In addition, the manufacturer of the product does not know that **biodegradation** term is used in relation to rather harmful substances; with regard to neutral products, the term **mineralisation** should be used. Finally, the most important issue in the undertaken analysis is the assumption that rapeseed oil – the main component of the washing liquid – is an ecological product. And at this moment one should ask: How are such oils produced?
Of course, for rapeseed oil production, ripe seeds are needed: one should collect them, clean, and after purification – remove all pods, shells, husks, hairs and sprouts (natural seeds’ elements). Then, the prepared seeds are grounded in special mills. And so far the process can be called environment-friendly. However, further there is a conditioning process – it involves heating shredded material in optimum moisture level, and then drying. By heating, the contents of cells expands, which results in membranes breakage and release of the oil. After the extraction of oil, refining takes place and it consists of several chemical and physical processes, such as:

1) alkaline deacidification with sodium hydroxide,
2) bleaching (discolouration) in order to remove dyes giving dark colour of oils; this involves absorption of unnecessary substances by bleaching earth, activated carbon or alumina;
3) deodorisation (deodorise) – a process designed to remove from the oil fat substances causing an unpleasant taste and odour; this requires the use of steam distillation at a temperature of 200-300°C, under a reduced pressure (Bartuzi 2012).

Can such a process be described as organic or eco-friendly? It is doubtful. Doubts exacerbate when a consumer examines another product with the prefix eco: ecological water softener, sold by the same manufacturer. The manufacturer motivates the use of water softener by “a modular system”, which means that to achieve the desired effect, we need a few products: for example, washing liquid and softener. The analysis of information on the latter product is presented in the Table 2.

**Table 2**

**Suggested and real characteristics of the organic water softener**

<table>
<thead>
<tr>
<th>Feature described by manufacturer</th>
<th>Evaluation of a feature in practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Does not contain NTA and EDTA</td>
<td>Information irrelevant to a consumer</td>
</tr>
<tr>
<td>2 For colour and white fabrics</td>
<td>Irrelevant information, there are no other fabrics</td>
</tr>
<tr>
<td>3 Undergoes complete biodegradation</td>
<td>Biodegradation is conditional - must meet a number of conditions</td>
</tr>
<tr>
<td>4 Includes only zeolites, citrates and soda</td>
<td>Compounds that require chemical treatment: Zeolites - a group of minerals, hydrous silicates of sodium and calcium. Citrate - organic chemical compounds, salts and esters of citric acid. Soda (sodium carbonate) - a substance produced by various methods using a variety of chemical processes.</td>
</tr>
<tr>
<td>5. It does not contain phosphates, does not contain fillers, synthetic additives and complexing polycarboxylates</td>
<td>Information difficult to verify, it is really hard to find more data on polycarboxylates for example</td>
</tr>
</tbody>
</table>

Source: author’s construction.

It can be observed that the manufacturer uses terms incomprehensible to an average consumer, like: does not contain NTA and EDTA, does not contain synthetic additives
and complexing polycarboxylates. NTA – this is a *nitritolriacetic acid*, while EDTA means *editic acid*, from Latin – *acidum edeticum*. In both cases, these are organic chemicals used in precipitation of the metal ions from a given substance, such as bismuth, chromium, zinc, zirconium, aluminium, cadmium, and cobalt (www.encyklopedia.pwn.pl). Another question arises: Why would there be metals in rapeseed oil? And if they do not exist, then why one should use NTA and EDTA? So, we have here not only incomprehensible abbreviations, but also a suggestion that in other “non-organic” products such chemicals are located, whilst in this one – not. Other names used by the manufacturer, as phosphates, complexing additives or polycarboxylates, are described residually in available sources and the potential consumer is not able to conclude whether a given substance is harmful or not, and whether its absence in this case is a unique (positive) feature of the product.

Equally misleading information is the one about zeolites, citrates and soda because the manufacturing procedure of the last two substances involves a complex chemical processes, and the first (zeolites) minerals are extracted from earth, which also must undergo a chemical treatment. Finally, it should be noted that these organic products are sold in plastic bottles, which the manufacturer does not mention at all.

**Greenwashing – does it work? Research results**

In order to verify the thesis that greenwashing is relevant only for some products and not always encourages customers to purchase, a multiple-choice test has been designed. A group of 59 students were asked to watch pictures of 21 different products presented on the slides, which were grouped in 3 in each category (7 categories altogether). Next respondents were asked to decide which product to buy in groups of cosmetics, lotions, laundry liquids, pet food, yogurts, washing machines, light bulbs and sports shoes. Some of these products (9 in total) have a clear reference to the nature, and for example *Nivea face cream* was defined as “pure & natural”, a *washing fluid* as “eco clean”, *pet food* as “eco natural”, *yogurt* was “bio” and *Samsung washing machine* – “Eco bubble”.

The test participants had to decide which of the shown products they would buy today. They did not receive any additional information on characteristics of a product or manufacturer. So, looking at information given on a packaging or a product itself only, they had to make a decision. Results are shown in Figure 1, where it is indicated which part of respondents would buy pro-ecological product in a given category.

So, results show that respondents are most likely to buy organic products in case of cosmetics. However, one should ask a question, what else influenced such decision? It turns out that it was a good brand of a product, because in the same category the second cosmetic with environmental characteristics was shown, but it was offered by a completely unknown producer Celestin. A similar trend can be observed in the yogurt group - respondents have chosen Bakoma premium yogurt (79.7%) instead of bio-yogurt Olma (Figure 2), because the latter is not known.
Figure 1
A desire of buying a product promoted as natural, organic or eco (5)

Source: own research.

Figure 2
Choices in the cosmetic group (eco-friendly products are Celestin and Nivea) and in the group of yogurts (Olma is promoted as bio yogurt) (%)

Source: like in Figure 1.
Another interesting observation is that in some cases decision of purchasing is based on aesthetic qualities of a product, and not on its method of production and an impact on nature. In the case of sport shoes, the most preferred were shoes in an interesting shade of red (51%) than white-green shoes Ecco (37.3%). And in the case of Samsung washing machines, the test results show that 54.2% of respondents have chosen black Samsung washing machine (atypical colour), instead of white machine called Eco Bubble (42.4%), while all of the presented machines have a very similar appearance (Figure 3). However, it should be added that in both cases, a large part of respondents declared purchase of an eco-product, too.

**Figure 3**

*Choices in the group of Samsung washing machines and in the group of washing liquids (eco-friendly products are Eco Clean and Sonett) (%)*

In the group of washing liquids, two products were specified as ecological: Sonett (discussed more detailed in the first part of the article) and Eco Clean, and again respondents have decided that they are ready to buy something else: OMO, as it is the best known brand in this category. So, it can be repeated that ecological or natural names and slogans do not guarantee a success.

**Conclusions**

People’s behaviour as consumers of green products is associated not only with their knowledge and economic situation but also with a sense of personal danger of a negative change, a sense of responsibility and willingness to self-restraint. Many recent researches show that consumers are paying more and more attention to the environmental aspects of
purchasing. Taking advantage of this trend, many manufacturers have decided to add to some environmental slogans and symbols to information about their offer; but of course, if a given information is true, this is appropriate. It seems, however, that really often terms eco, natural, environmentally friendly are abused and actual relationships between a product and the environment can hardly be called friendly.

In this paper the essence of greenwashing, based on a case study of an organic washing liquid, was discussed and one can talk about greenwashing because the producer provides information about the environmental characteristics, which cannot be verified, uses terms and expressions unclear to consumers, as well as gives irrelevant and obvious information, and finally gives false one.

Results of the conducted test indicate that consumers are guided not only by information about environmental characteristics of products, but also by a good brand and aesthetics. Hence, in practice, questions on: how long a company has been in the market, how it has been promoted, as well as questions on quality of products, are important. But factors such as fashion, a desire to distinguish, and a sense of aesthetics, are also essential. However, it seems that actions using greenwashing will still have a place in the market, since an average consumer is not able to check all the technical and professional terms and information, and therefore must trust a manufacturer or a seller. Probably greenwashing will be present in promotion of food products and cosmetics, because they directly affect health of consumers. Possibly thus green and natural watchwords will be an important reveille and reason for buying. But from the results stems a conclusion that the success mostly can be expected by reputable brands.

Bibliography


Greenwashing w działalności firm – przyczyny stosowania i skuteczność

Streszczenie

Wizerunek firmy i jej produktów wynika z percepcji działań promocyjnych, które docierają do potencjalnych odbiorców. Budowanie wizerunku firmy proekologicznej i odpowiedzialnej może mieć wpływ nie tylko na jej postrzeganie, ale także decyzje zakupowe klientów. Wydaje się jednak, że w ostatnich latach slogany i symbole odnoszące się do natury i ekologii są nadmiernie eksploatowane. Przejawem tej tendencji jest greenwashing, definiowany jako pozorna troska o środowisko przez sugerowanie, że produkt jest przyjazny dla środowiska, a firma jest wrażliwa na zmiany w środowisku. Często nie jest to prawdą, ale dzięki takiej promocji powstaje wizerunek odpowiedzialnego biznesu.

Celem rozważań jest pokazanie istoty idei greenwashing i weryfikacja tezy, że greenwashing wpływa na decyzje zakupowe klientów tylko w niektórych sytuacjach. W artykule na podstawie analizy przypadku stwierdzono, że greenwashing oznacza przekazywanie informacji, które są całkowicie lub częściowo nieprawdziwe, nieistotne, niezrozumiałe lub pomijają istotne kwestie. Tak więc można stwierdzić, że producent oszukuje potencjalnych klientów. Wyniki przeprowadzonego badania pokazują jednak, iż konsumenci kierują się nie tylko informacjami na temat właściwości produktu i jego wpływu na środowisko, ale także wizerunkiem marki i poczuciem estetyki. Tak więc teza została zweryfikowana pozytywnie.
GREENWASHING IN COMPANIES ACTIVITY – CAUSES OF USE AND EFFICACY

Przedstawiona praca może być zakwalifikowana do kategorii case study, ponieważ zawiera analizę przypadku, oraz do kategorii artykułów badawczych, ponieważ przedstawia wyniki oryginalnego testu. W artykule zastosowano metodę analizy porównawczej oraz test konsumencki.

Słowa kluczowe: ekologia, podejmowanie decyzji o zakupie, promocja, odpowiedzialność biznesu, tworzenie wizerunku, zachowania konsumentów.

Kody JEL: M14, M31

Zеленый камуфляж в деятельности фирм – причины применения и эффективность

Резюме

Имидж фирмы и ее продуктов вытекает из восприятия действий по продвижению, которые поступают к потенциальным покупателям. Формирование имиджа проэкологической и ответственной фирмы может влиять не только на то, как ее видят, но и на решения клиентов о покупке. Однако представляется, что в последние годы лозунги и символы, касающиеся природы и экологии, излишне эксплуатируются. Проявление этой тенденции – зеленый камуфляж, определяемый как мнимая забота о природной среде путем внушения, что это экологически чистый продукт, а фирма чувствительна к изменениям в среде. Часто это неправда, но благодаря такому продвижению возникает имидж ответственного бизнеса.

Цель рассуждений – показать суть идеи зеленого камуфляжа и верифицировать тезис, что зеленый камуфляж влияет на решения клиентов о покупке только в некоторых ситуациях. В статье на основе анализа конкретной проблемы выявлено, что зеленый камуфляж обозначает передачу информации, которая полностью или частично ложная, несущественная или же она не затрагивает существенных вопросов. Следовательно, можно констатировать, что производитель обманывает потенциальных клиентов. Результаты проведенного изучения, однако, показывают, что потребители руководствуются не только информацией о свойствах продукта и его влиянии на среду, но и имиджем марки и чувством эстетики. Таким образом, тезис верифицирован положительно.

Представленную работу можно отнести к категории анализа конкретной проблемы (case study), поскольку она содержит анализ проблемы, а также к категории исследовательских статей, так как она представляет результаты подлинного теста. В статье применили метод сопоставительного анализа и потребительский тест.

Ключевые слова: экология, принятие решений о покупке, продвижение, ответственность бизнеса, формирование имиджа, поведение потребителей.

Коды JEL: M14, M31
Artykuł nadesłany do redakcji w grudniu 2014 roku

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Afiliacja:
dr Joanna Hernik
Zachodniopomorski Uniwersytet Technologiczny w Szczecinie
Wydział Ekonomiczny
ul. Żołnierska 47
71-210 Szczecin
tel.: 91 449 69 50
e-mail: joanna.hernik@zut.edu.pl