



Green Washing: A Deceptive Marketing Practice and its Implications

Aparna P * and Dr. K Siva Murugan*

Research Centre in Commerce, St. Claret College, Bangalore, India
aparnavaisakh20@gmail.com

Abstract. Greenwashing is becoming a prevalent issue in the present era. It is a deceptive marketing technique of conveying misleading or fake representation to the public to believe that the product/service or the company is environment friendly than actually it is. Green washing is a practice of appealing the consumers by misleading advertisements and employing branding strategies to showcase themselves as environmental responsible and sustainable when, in actual, their actions and products may not support these claims. Now the consumers are more environmentally responsible and are sustainability conscious. Companies are taking advantage of this consumer behaviour and practising greenwashing to falsely convince such consumers. The consequence of greenwashing can be averse to environment as well as consumers. In the context of various cases of greenwashing practices reported recently, this research paper explores the phenomenon of greenwashing, its prevalence in various industries and the implications of greenwashing.

Keywords: Green Washing, Environment, Stakeholders and Marketing.

1 INTRODUCTION

Environmental sustainability and going green has become a conscious concern in recent years. Both consumers and business are increasingly recognising the importance of being sustainable and environmentally responsible. There was an evidential change in the consumption behaviour of the present era consumers, that they are preferring more eco-friendly and green products. Green products are those products which have minimal impact on the environment it includes products that can be recycled or reused and products made from renewable resources. Irrespective of demographic variables most consumers intend to purchase such products to safe guard the environment. This increased demand and the need to meet the demand for green products, companies are engaged in the practice of greenwashing without considering the environmental consequences as well as its implication on the stakeholders.

1.1.Greenwashing: Present scenario

Even though the term ‘Green washing’ was coined in 80s, many more cases of green washing practices are reporting in the recent years also. According to the report published by Reprisk, a research firm in 2023, in the past 10 years (2012-2022),

© The Author(s) 2024

M. Rani Nimmagadda et al. (eds.), *Proceedings of the 3rd International Conference on Reinventing Business Practices, Start-ups and Sustainability (ICRBSS 2023)*, Advances in Economics, Business and Management Research 277,

https://doi.org/10.2991/978-94-6463-374-0_12

it is observed that green washing incidents has increased and a shift in regions, topics, and sectors involved[1]. Companies engaging in greenwashing, or making false environmental claims, accounted for 25 percentage of climate-related risk incidents between 2022 September and 2023 September, an increase from 20% during the same time the previous year [2]. According to RepRisk's research, there was a 35% increase in greenwashing cases overall in the previous year, with a 70% increase in cases in the banking and financial services industries. More than half of these instances of climate-related greenwashing risk either made reference to fossil fuels or connected a financial institution to an oil and gas business. The financial sector has had the second-highest share of accidents during the last two years, after the oil and gas business[3].In the previous year, 18% of corporations — and 31% of public companies — that engaged in greenwashing since 2018 also engaged in social washing, or presenting deceptive social claims[4].

Greenwashing is the deceptive practice of depicting a fake image of environment responsibility which impact greatly in the society. This research explores and reviews secondary data-based literature on green washing practices. In addition, the study paper investigates recent greenwashing initiatives. The primary goal of this article is to identify how the customers are being greenwashed. Suggestions are made on how corporations must act in a socially responsible and ethical manner by not misleading consumers in their green purchasing decisions. Also, suggestions are given to the customers to become conscious from such deceptive practices

1.2. Statement of the Problem

Green marketing has a positive impact on a wide range of economic problems. In the name of this, businesses use an unethical practice known as greenwashing to conduct business. The study will concentrate on the impact of greenwashing used by various industries, taking only a few incidents into account.

1.3. Research objectives

- To investigate some recent instances of greenwashing by various industries
- To identify how the customers are being greenwashed.
- To study the implications of green washing practices.
- To suggest regulations that should be followed in order to avoid greenwashing.

2. Theoretical Background

Initially, Jay Westerveld, an environmentalist, came up with the term “Green Washing”as a reaction to the hotel industry’s “Save The Towel” campaign [5]. To safeguard the environment, hotel guests were asked to reuse their towels by posting a note in their rooms, but in reality, they made profit from cheaper laundry cost. Disseminating inaccurate or insufficient information to improve one’s reputation is known as “Greenwashing” Greenwashing, a term coined to describe the practice of creating false or exaggerated claims about eco-friendly products in order to capture a significant market share, is not a new idea; it has been around since the mid-1980s [6]. People at the time were not as conscious of these practices or the value of being environmentally friendly.

Since then, as companies become more aware of the financial benefits of projecting an image of environmental responsibility, the phenomena have grown and changed, affecting many other industries. The strategies used by businesses have changed along with the greenwashing landscape. These strategies can include the use of ambiguous and vague wording to overshadow important claims or the selective release of data that presents an incomplete image of environmental responsibility. Further, greenwashing sometimes relies on the dishonest use of green images and symbols to create an eco-friendly image, even in the lack of tangible actions to support such claims. Greenwashing takes many forms, some of the methods consist of:

- Asserting that one avoids unethical or unlawful activities that have no bearing on a product
- Being purposefully ambiguous or not describing business's methods or the materials it uses.
- Highlighting one aspect of the surroundings while downplaying other effects.
- Making the false claim that a business is on track to achieve net zero emissions of pollution while in reality lacking a solid plan.
- Purposely using deceptive terminology, like “green” or “eco-friendly,” which are confusing and prone to misunderstanding.

2.1. Seven Sins of Greenwashing [7]

In 2009, Terrachoice, a North American environmental marketing company, categorized seven sins of greenwashing. [8].

2.1.1 Sin of the Hidden Trade-off: Making broad assertions about a product's "greenness" based on a limited number of characteristics while ignoring other significant environmental challenges. Shampoo, for instance, is not always better for the environment just because the bottle says it contains organic ingredients. Other significant environmental concerns related to the production of shampoo include the use of chemical compounds and other substances that may be dangerous for the environment and consumers but are not mentioned [9].

2.1.2 Sin of No Proof: A claim on environment not supported by present available data or a trustworthy third-party certification. Examples Huggies diapers and napkins that claim percentages of recycled content without providing evidence [10].

2.1.3 Sin of Vagueness: A statement that is so vague or undefined that the consumer is likely to misinterpret it. “All-natural” is one such term. Formaldehyde, uranium, mercury, and arsenic are all hazardous substances found in nature. Not everything that is “all natural” is “green” [11].

2.1.4 Sin of Worshipping False Labels: A product that appears to have third-party endorsement when none actually exists; in other words, a product with fake labels. [12]

2.1.5 Sin of Irrelevance: A claim about the environment that, maybe true, has significant bearing on buyers looking for ecologically friendly goods, but has no relevance for the particular product. "Chloro-Fluro-Carbon free" is a typical example, as it is a widespread claim made in spite of the legal prohibition on CFCs [13].

2.1.6 Sin of Lesser of Two Evils: A statement that might be accurate within the context of the product category, but runs the risk of drawing attention away from the category's overall, more significant environmental effects on consumers. Both organic cigarettes and fuel-efficient sport utility vehicles may be examples of this sin [14].

2.1.7 Sin of Fibbing: False environmental claims constitute the sin of fibbing. Products that made fraudulent claims to be energy star certified or registered were the most prevalent examples [15].

3. Research methodology

3.1 Research Design: A descriptive study is carried out in five recently reported cases in various industries. The types of greenwashing in the situations stated above are described using descriptive research

3.2 Sources of Data: Secondary data has been collected for this purpose. Secondary data is obtained from newspapers, periodicals, books, journals, conference proceedings, government publications, and websites.

4. Forms of Greenwashing

Two major classifications of greenwashing are Claim greenwashing and executional greenwashing, both at product level and firm level [16].

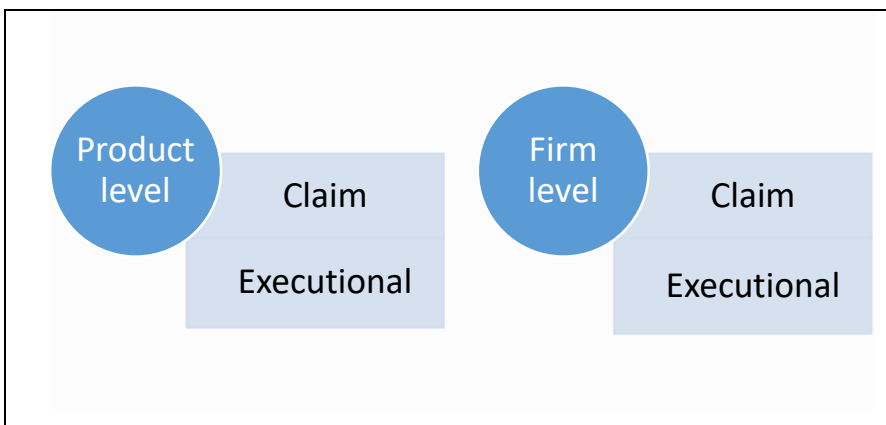


Fig. 1. Forms of Green washing

Source: Secondary Data [17].

Firm-level green washing refers to deceiving customers about an organization's environmental policies, whereas product- or service-level green washing focuses on the environmental advantages of a given offering. Greenwashing at the corporate level has been demonstrated by General Electric's "Ecomagination" campaign, which supported the company's environmental activities while opposing new clean air EPA requirements. One instance of product/service-level greenwashing are the LG refrigerators that were mis certified as Energy Star refrigerators, an energy efficiency ecolabel. Ten of LG's refrigerator models were found to be too energy-inefficient to qualify for the certification. Claim Greenwashing is the act of making exaggerated, direct, or indirect claims about the environmental advantages of goods or services through the use of textual reasoning.

Executorial greenwashing strategy does not rely on any previously discussed claims; instead, it gives pictures and noises that evoke the natural elements, such as the sea or birds, or colour themes like green or blue. Examples of executorial greenwashing are nature related elements like backgrounds depicting natural settings (e.g., leaves, woods, oceans) or images of endangered animal species (e.g., pandas, dolphins) or renewable energy sources (e.g., wind, waterfalls) [18].

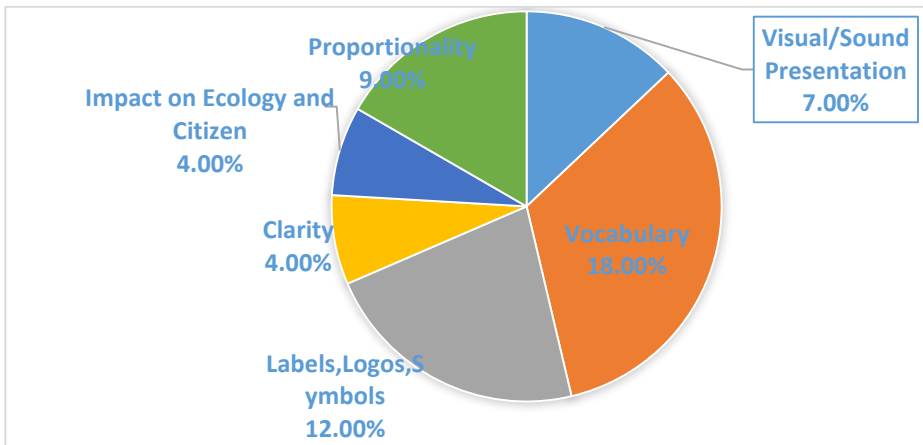


Fig. 2. Figure 4.2: Typology of the recommendation’s Breaches

Source: 2019 Report on Advertisement & Environment (19).

5. Green Washing Cases in Various Industries

5.1 Case 1: H&M (2021)

Changing Markets Foundation examined apparel from well-known high-street fashion manufacturers to verify the credibility of their sustainability claims; the results showed that 60% of the claims were false overall [20]. That's unfortunate, but it was discovered that H&M was the greatest offender—a startling 96% of their statements were proven to be false [21].

5.2 Case 2: Hefty Recycling Bags (2022)

A class-action complaint was launched against Hefty Recycling Bags in May 2021, claiming that its bags are “designed to handle all types of recyclables”. According to the lawsuit, Hefty bags are not only unrecyclable, but they also adulterate the waste that might otherwise be recyclable. As a result, many objects that can be recycled otherwise, wind up in landfills. Hefty bags are thus no different than regular bin bags (and probably worse), according to the lawsuit, and their false branding violates California anti-greenwashing statutes [22].

5.3 Case 3: HSBC (2022)

The UK Advertising Standards Authority (ASA) has banned two HSBC advertisements showcasing the company's climate change response to HSBC's continued financing of fossil fuel projects and linkages to deforestation. HSBC was financing companies that produced emissions equivalent to approximately 65.3 million tonnes of CO₂ per year for oil and gas alone, and HSBC planned to continue subsidizing thermal coal mining and power generation until 2040. The ASA rejected HSBC's assertions that transition financing for these businesses was required, finding that because HSBC had not been specific about this position, consumers would be unaware of it, and that it was thus a substantial omission from the advertising. It's an environmental nuance that was missing from the advertisements, and it is greenwashing [23].

5.4 Case 4: Royal Dutch Shell (2023)

In 2022 June, the gas and oil company started a campaign in Bristol and across the UK, including billboards, posters, a YouTube advertisements, and a TV commercial, to advertise their renewable energy business. The advertising made false promises regarding Shell's engagement in clean energy and e-vehicle charging stations. Adfree Cities, a campaign group, complained to the ASA, claiming that Shell's overall environmental impact was not disclosed in the commercials. Although the corporation uses sustainable energy, its operations contributed to 1.2 billion tonnes of CO₂ emissions in just the previous year. It is still anticipated that expenditures on oil and gas production will rise [24].

5.5 Case 5: Banking and Finance Industry (2023)

According to RepRisk, a social environmental, and corporate governance data science organization, the number of cases of greenwashing by banks and financial services corporations worldwide increased 70% over the previous year [25]. The majority of those occurrences were attributed to European financial institutions, and much of the greenwashing involved assertions regarding fossil fuels. The number of instances from the banking and financial services business worldwide increased to 148 in the 12 months ending in September 2023 (from 86 in the previous 12 months) [26].

6. The Implications of Greenwashing

The consequences of greenwashing are wide-ranging and impact various stakeholders, including consumers, genuine environmentally responsible businesses, and the environment itself. Here are the key consequences of greenwashing:

Consumer Deception: Perhaps the most immediate consequence of greenwashing is that consumers are misled and deceived. When companies make false or exaggerated claims about their environmental practices, consumers may purchase products or support businesses under the false impression that they are making eco-friendly choices.

This can lead to feelings of betrayal and erode trust in both the specific company and the broader concept of environmental responsibility.

Diminished Corporate Reputation: Businesses that are discovered to be greenwashing risk harm to their reputation. A company's brand image and long-term reputation can be harmed by bad press, customer backlash, and social media outcry, which can impair the company's success in the marketplace.

Environmental Impact: Beyond deceiving consumers, greenwashing can have direct environmental consequences. Companies that greenwash may continue to engage in environmentally harmful practices, such as excessive resource consumption, pollution, or unsustainable sourcing, while claiming to be eco-friendly. This can exacerbate environmental problems and hinder progress toward mitigating them.

Erosion of Consumer Trust: Greenwashing can have long-term effects on consumer trust. When consumers discover they've been deceived, they may become more suspicious of environmental claims in general. This can make it harder for genuinely sustainable businesses to establish credibility and gain consumer trust, as scepticism becomes the default response.

Inhibition of Genuine Sustainability Efforts: Companies that engage in greenwashing often divert resources, including time and money, toward marketing campaigns that create the illusion of sustainability. This diverts resources away from meaningful sustainability initiatives, such as investing in cleaner technologies, reducing waste, or minimizing carbon footprints. As a result, the actual progress toward sustainability is impeded.

Restrain Innovation: Companies that use greenwashing may prioritize marketing strategies over true innovation. Rather than allocating resources towards the creation of more sustainable products or practices through research and development, they can instead use them to maintain deceptive green imagery. This may impede the general advancement of environmental sustainability.

Greenwashing has far-reaching effects that go beyond simple misrepresentation. They have an impact on businesses, customers, and the environment, making the goal of true environmental sustainability extremely difficult to achieve.

7. Suggestions

Educating customers about sustainable products can help prevent greenwashing. By taking some personal initiative and asking questions, consumers can prevent themselves from falling victim to greenwashing. This implies that people should feel free to enquire about the companies' environmental commitments. And businesses that are able to respond to these inquiries with pride if they are not doing anything fake. Consumers can also read the tiny print to learn more about the products' contents, which can disclose the truth about going green. They can also inspect the product packing; many times, products are green and the manufacturer claims that they are 100.00% recyclable. Consumer research on the web is another approach to prevent being greenwashed. They can even conduct study on those items and firms to better comprehend the difference between organic/green and non-organic products. This can only be accomplished by not making hasty decisions. And, once individuals come across these practices, they must raise their voices and take a stand against these firms in order to boycott them.

7.1. To Consumers

- **Learn more:** It is important for consumers to learn about sustainable practices and products, as well as common strategies used in greenwashing, in order to spot and stay clear of this type of marketing.
- **Examine a product's life cycle:** It is important to examine a product's whole life cycle, from the procurement of raw materials to the final stage, and to account for any environmental effects related to the materials and packaging used in the product.
- To confirm the green claims, check the sustainability reports and corporate websites for supporting documentation.
- While it's better to search for eco-labels and green certifications, it's equally essential to verify the authenticity and reliability of the certification.
- **To Companies**
- Being honest and morally upright pays off in the long run. Communicate properly and appropriately, that is, only share significant and real environmental accomplishments in an understandable and straightforward manner.
- Verify all of your claims using appropriate details, authentic eco-labels, and certificates.
- Disclose both your positive and negative environmental consequences
- **To Regulatory Bodies**
- It is possible to implement the Public-Private Partnership (PPP) model, in which the public and private agencies work together to develop comprehensive and strict rules and regulations aimed at preventing greenwashing.
- Establish clear, consistent criteria to prevent misleading environmental marketing.
- Make sure that regulations are strictly enforced and followed.
- Penalize defaulters and ban violators for a predetermined period from the market.
- Consumer protection authorities and environmental organizations should raise consumer, business, and marketing awareness of greenwashing.

8. Conclusion

Greenwashing is becoming more and more common in the present era. An increasing number of businesses are combining good environmental communication with sub-standard environmental performance. It is a significant challenge to both stakeholders and environment. Though there is no official definition of greenwashing, regulators want to ban it in order to increase investor and consumer confidence and promote more money going toward sustainable ventures. The lack of knowledge regarding the company's environmental performance combined with inconsistent and insensitive penalties for greenwashing encourages the degradation of the environment and the overuse of natural resources. Businesses who use real sustainability techniques and openly share their efforts are at a competitive advantage over those that use greenwashing. After greenwashed claims are revealed, organizations may face significant risks, as well as a loss of customer trust that may be difficult to regain. As a result, businesses should

avoid employing these strategies to increase profits and acquire consumers' trust. People may be unaware of their role in greenwashing, which can be destructive to everyone, including the environment. Companies that mislead the public should face new and stern penalties. The government should conduct campaigns and training for businesses to help them grasp the value of green marketing and contribute to the welfare of society. Green marketing claims require more regulation and enforcement, as well as consumer education on how to spot and steer clear of greenwashed goods. Companies that mislead the public should face stern penalties. The government should conduct campaigns and training for businesses to help them grasp the value of green marketing and contribute to the welfare of society. Greenwashing should be made a serious offense, and these companies should face severe penalties and be barred from the market if discovered to be greenwashing.

References:

1. Aggarwal, P, Kadyan, A. Greenwashing: The Darker Side of CSR. *International Journal of Innovative Research and Practices*, 2(5), 22-35 ISSN 2321-2926 (2014).
2. Delmas, M. A. Burbano, V. C. :The Drivers of Greenwashing. *California Management Review* (2011) <https://journals.doi/10.1525/cmr.2011.54.1.64>
3. Mukherjee, R., Ghosh I: Greenwashing in India: A Darker Side of Green Marketing. *The International Journal of Business & Management*, 2(1), 6-10. ISSN 2321-8916. (2014). <https://doi.org/10.1108/LBSJMR-11-2022-0077>
4. Rai, P: Greenwashing and Its Impact on Consumers and Environment. *International journal of multidisciplinary educational research*, 10(1), 3. ISSN: 2277-7881 (2021).
5. Shamsi, M. S., Siddiqui, Z. S: Green Product and Consumer Behaviour: An Analytical Study. *Pertanika Journal of Social Science and Humanities*, 25(4), 1545-1554 (2017)
6. Yildirim, S. Greenwashing: A Rapid Escape from Sustainability or a Slow Transition? *LBS Journal of Management & Research*, 21(1), 53-63. e-ISSN: 0974-1852(2023).
7. Katait, S. K.: Greenwashing in India: An Alarming Issue: Misleading and Deceptive Environmental Claims in Advertising. *International Journal of Commerce and Management Research*, 3(2), 91-97. ISSN: 2455-1627. (2017).
8. <https://www.un.org/en/climatechange/science/climate-issues/greenwashing>
9. <https://www.forbes.com/sites/retailwire/2022/07/13/hm-case-shows-how-greenwashing-breaks-brand-promise/?sh=256537de1171>
10. https://climatecasechart.com/wp-content/uploads/case-documents/2022/20221028_docket-322-cv-01684_complaint.pdf
11. https://adfreecities.org.uk/wp-content/uploads/2021/10/HSBC-ASA-complaint_Oct2021_full.pdf
12. https://adfreecities.org.uk/wp-content/uploads/2022/07/Adfree-Cities-full-complaint-to-the-Advertising-Standards-Authority-Re_Shell-adverts.pdf
13. <https://www.reprisk.com/news-research/reports/on-the-rise-navigating-the-wave-of-greenwashing-and-social-washing>
14. <https://www.arpp.org/wp-content/uploads/2020/09/Bilan-publicit%C3%A9-et-environnement-2019.pdf>
15. Sins of Greenwashing <https://www.ul.com/insights/sins-greenwashing>

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

