

Hubert Kubiak*

The Phenomenon of Greenwashing in Marketing Communication of CSR

Keywords: greenwashing, corporate social responsibility, business ethics

Słowa kluczowe: greenwashing, społeczna odpowiedzialność biznesu, etyka biznesu

Introduction

The ‘greenwashing’ phenomenon, although already present in the world literature since the 1980s, has been researched in Poland only recently. While analysing it, it is needed to consider it in a purely marketing, as well as in a basic ethical context. The tasks which the modern enterprises are faced with, are extremely complex, and operating at the crossroads of the mentioned areas leaves a wide field of creativity (unfortunately often understood in a negative sense). The world is changing at a rapid pace, and, subsequently, so do the challenges for the corporations. Hence, many nuances may err on the ethical evaluation of the functioning of such companies. The purpose of this article is to give a complex characteristic of the ‘greenwashing’ phenomenon in the marketing communication of the corporate social responsibility.

Definition and history

It is not exactly clear when the term ‘greenwashing’ occurred in the public discourse. According to some sources, it has been used by ecological activists since the 1970s. However, the majority of researchers point to the year 1986, when a biologist and an activist, Jay Westerveld, used it in his essay, referring to some ethically ambiguous practices in hotel business.

* mgr Hubert Kubiak, Szkoła Główna Handlowa w Warszawie, hubkubiak@gmail.com.

The Oxford Dictionary defines ‘greenwashing’ as “disinformation disseminated by an organization so as to present an environmentally responsible public image.”²¹ According to Natalia Ćwik, we face greenwashing in two main cases:

- a) “if a company provides false information about some product features that are related to his influence on the environment;
- b) if a company positions its products / brands as environment friendly, but at the same time attempts to take actions that are harmful for the environment in other aspects.”²²

The researcher also points to the goal of the enterprises engaged in such activities, which is obtaining so called ‘halo effect’. Companies assume that the reception of their eco-friendly products have a positive impact on the perception of the entire organization. Therefore, it often happens that the expenditure on the communication of CSR activities outweigh the costs of the actual sustainable investments.³

It can be assumed that the seeds of greenwashing were sown in the mid 1960s. At that time, the environmental movements gained wide popularity, and many companies decided to incorporate some elements of ecology in their advertising campaigns.⁴ In the 1980s, the pro-environmental movements grew in importance, which was undoubtedly connected with the outrage caused by some huge ecological disasters of that time (Bhopal, Chernobyl, oil spill Exxon Valdez).⁵ A negative side effect was the increase of greenwashing cases in the business world. In 1985, Chevron Corporation launched one of the most notorious campaigns of this kind in history. The campaign was full of exaggerated advertisements suggesting, for example, that endangered species were rescued by the employees of the company. Nevertheless, it resulted in the increase of sales.⁶

The studies conducted in 1991 showed that roughly 58% of all the advertisements related to the environment protection were in some way misleading the customer. In 1998, the regulations on green marketing were introduced in the United States. In 2002, in Johannesburg, at the World Summit on Sustainable Development, the companies leading in the use of greenwashing in their communication were awarded by so called Greenwash Academy.⁷

¹ A. Rowell, *The spread of greenwash*, in: *Battling Big Business*, ed. Eveline Lubbers, Common Courage Press, USA 2002, p. 19.

² N. Ćwik, *Wybielanie za pomocą zielonego*, in: <http://www.proto.pl/artykuly/info?itemId=77456> (15.03.2015).

³ Ibidem.

⁴ B. Black, D. Lybecker, *Great Debates in American Environmental History*, Greenwood Publishing Group, USA 2008, p. 147.

⁵ J. Karliner, *The Corporate Planet: Ecology and Politics in the Age of Globalization*, Sierra Club Books, San Francisco 1997, p. 170–171.

⁶ *Greenwashing 101*, in: <http://site.thegreenlifeonline.org/greenwash101> (15.03.2015).

⁷ Ibidem.

Scale of the greenwashing phenomenon

According to the Terrachoice report, the number of green products in the United States and Canada increased (by 73%) from 2739 in 2009, to 4744 in 2010.⁸ The world market of ecological products is estimated at USD 63 billion (in Poland barely USD 100–150 million, but it is growing at 20–30% per year).⁹ Researchers see a huge upward trend of ‘going green’ among companies, their products, and organizational cultures. In addition to this, many of them strongly emphasize that in their marketing efforts by initiating aggressive advertising campaigns, modifying their logo, etc. Those companies often try to follow the trend of being socially responsible, and, by using some ethically questionable methods, they try to gain a competitive advantage over other companies. They undertake the risk, relying on the ignorance or laziness of the consumers.¹⁰

Unfortunately, greenwashing has already become the mainstream. According to Terrachoice, up to 95% of the products described as environmentally friendly have at least one feature of greenwashing (USA / Canada).¹¹ In Poland, the phenomenon is not yet so observable, but is also becoming a serious problem. The products labelled as ‘eco’ gain on popularity, however, they often fail to represent any ecological values.¹² It should be also admitted that the consumer awareness is not very high in this area. Therefore, manufacturers do not try to take into consideration the environmental attitudes of their customers.¹³ In many industries, in Poland, corporate social responsibility is still not the value that the consumers are willing to pay for.

Causes and effects of greenwashing

What is the source of this phenomenon? If one takes a look from a broad perspective at the transformations that occur in a society, it becomes clear that consumers appreciate more and more such values as health and nature. This has made a huge impact on their consumer choices. In the United States, the ecologically-minded customers, yet

⁸ *Terrachoice: The sins of greenwashing*; Home and family edition 2010, p. 11, <http://sinsofgreenwashing.org/index35c6.pdf> (15.03.2015).

⁹ M. Rotkiewicz, *Ekościema, czyli mity zdrowej żywności*, www.polityka.pl/tygodnikpolityka/nauka/1549063,1,czym-naprawde-jest-rolnictwo-ekologiczne.read (15.03.2015).

¹⁰ L. Mitchell, Wesley Ramey, *Look How Green I Am! An Individual-Level Explanation for Greenwashing*, “Journal of Applied Business and Economics” 2011, vol. 12 (6), p. 40–41.

¹¹ *Terrachoice: The sins of greenwashing...*

¹² *Greenwashing. 95% zielonych produktów zawodzi*, in: www.ekologia.pl/srodowisko/specjalne/greenwashing-95-zielonych-produktow-zwodzi-konsumentow,13592.html (15.03.2015).

¹³ P. Wrabec, *Ekościema*, www.polityka.pl/tygodnikpolityka/rynek/295924,1,ekosciema.read (15.03.2015).

constituting a small niche, currently represent 39% of the market,¹⁴ what translates into a value of USD 230 billion. The demand for green products remains at a high level despite the economic turmoil. According to a study conducted in the United States in 2009 (during the global economic crisis), as many as 34% of consumers reported even the increase of their spending on eco-friendly products, while 44% claimed that the state of the economy had not affected their choices negatively.¹⁵ The companies that operate in the market try to meet the demand. However, in case of competing by socially related activities, it is relatively easy to abuse customers, as the activities are very difficult to be verified by an average consumer.

Greenwashing is a big problem for all the entities in the market, regardless whether it is a deliberated activity of a company or not. First of all, it causes damage to the environment (natural/organizational). Such marketing activities encourage consumers to the actions that cause negative or, at best, neutral consequences.¹⁶ However, the influx of the socially responsible messages reaching the consumers causes indifference, especially when it turns out that a significant part of the information is false or unreliable.

Consumers also bear significant losses, especially financial ones. They pay for the value which is not ultimately delivered. Companies take advantage of the facts that the amount of the easily accessible information is limited and consumers are sometimes gullible. When the truth is revealed (what happens relatively often in today's global world), they lose their trust in the company, industry, or even in all the entities that communicate social responsibility. As a result, the reputation of the business is tarnished, what in the long term results in financial losses.¹⁷

Greenwashing problem solutions

This phenomenon seems to become more expansive, which also gives it more and more attention in the media. It is no wonder that there is a number of initiatives aimed at reducing its popularity. They include organizations, websites monitoring business activity in the context of a greenwashing threat, adopted regulations, codes of ethics, or good practices that companies are trying to implement.

An example of greenwashing monitoring initiative is the Greenwashing Index, launched in 2007 through the cooperation of the University of Oregon and a marketing

¹⁴ 2008 Green Gap Survey, Cone LLC, 2008, in: www.conecomm.com/stuff/contentmgr/files/0/57bfa0d65ae70c7e1122a05a9d0d67e0/files/2008_green_gap_survey_fact_sheet.pdf (15.03.2015).

¹⁵ R. Horiuchi, R. Schurchard, L. Shea, S. Townsend, *Understanding and Preventing Greenwash A Business Guide*, BSR 2009, p. 9, www.bsr.org/reports/Understanding_Preventing_Greenwash.pdf (23.03.2014).

¹⁶ *About Greenwashing*, www.greenwashingindex.com/about-greenwashing (15.03.2015).

¹⁷ Ibidem.

company EnviroMedia.¹⁸ It was created to educate consumers on evaluating the claims present in marketing messages, to control this communication, and to stimulate the demand for sustainable business practices that actually contribute to the reduction of the negative impact on the environment.¹⁹ The websites encourage embedding commercials that touch environmental issues. Then the users (community members) comment on and evaluate the advertising data pointing to and condemning the bad practices. Many companies initiate a discussion in their advertisements, treating the service as a free focus group, and giving the opportunity to explore the eco-conscious consumer reaction.

Undoubtedly, such initiatives are valuable, but it has been found that also other system solutions are needed, such as law regulations. In the European Union, the greenwashing problem was attempted to be dealt with in the mid 1980s. In 1984, the first common rules aimed at protecting consumers against misleading advertisements were adopted. The directive on the misleading advertising generally defines the problem, and suggests some potential remedies. By leaving member states the freedom to choose the methods, some principles have been outlined, including, for example, the one that the necessity to prove the claims contained in the marketing communication lies with the sender of the message (the company).²⁰

The next milestone in the regulation of the advertising sphere in the European Union was the Unfair Commercial Practices Directive – UCP, published in 2005. An important part of this document, that embraced a wide range of business practices, was related to the ways of misleading the consumers. The objective of the directive was to unify the existing regulations between different countries, so that the advertisement considered acceptable in one country, was such in each of the other countries.²¹ However, all of the members of the Union are still able to use their own regulations. The directive was rather a framework of the adopted problem solution model.

In Poland, a non-governmental organization, the Advertisement Council (pl. *Rada Reklamy*), is responsible for protecting the consumers against misleading advertising. It is the guardian of the Advertising Code of Ethics (pl. *Kodeks Etyki Reklamy*). This document is the collection of the rules applicable to all the forms of advertising, excluding political and social campaigns. It defines the acceptable methods of communication,

¹⁸ www.greenwashingindex.com/.

¹⁹ T. Schueneman, *EnviroMedia's Greenwashing Index is now alive*, 2008, www.triplepundit.com/2008/01/enviromedias-greenwashing-index-is-now-live (15.03.2015).

²⁰ R. Bradford, *Greenwash confronted*, raport *Friends of the Earth Europe*, 2007, www.foeeurope.org/sites/default/files/publications/FoEE_Greenwash_confronted_0907.pdf (15.03.2015).

²¹ M. Czaja, *Greenwash w Polsce, czyli „zielone kłamstwo” w reklamie*, 2011, www.wirtualnemedial.pl/artykul/greenwash-w-polsce-czyli-zielone-klamstwo-w-reklamie# (15.03.2015); A. Mokrysz-Olszyńska, *Znaczenie Soft Law w regulowaniu działalności reklamowej*, Kolegium Gospodarki Światowej, no. 281, Szkoła Główna Handlowa, Warszawa 2007, p. 26.

taking into account the specificities of different media.²² The fifth chapter of the document concerns exclusively the issues related to the advertisements containing environmental information. The Advertising Code of Ethics is not legally binding, but it is a document commonly respected in the Polish advertisement industry.²³

There are a number of good practices that companies undertake to improve the ethical standards of their operations, and to reduce the risk of greenwashing. The report Business for Social Responsibility gives the following examples:²⁴

- a thorough analysis of the product life cycle,
- traceability of the supply chain,
- internal communication of CSR activities,
- cooperation between companies in the field of environment protection establishing common standards of performing,
- partnerships with non-governmental organizations,
- public communication of the CSR goals and informing gradually about the progress in the process of achieving them,
- holistic thinking (involvement in broader initiatives, discerning complexity of environmental issues).

It seems that nowadays the vast majority of enterprises understand the benefits of ethical marketing communication, and try to implement these practices.

Summary

It is difficult to deny that greenwashing has become a very widespread phenomenon. In the long term, it has a negative influence on all the stakeholders, and strongly undermines the business creditability and the trust between the companies and the consumers. There is, however, a positive aspect. More and more entities are becoming aware of the problem, and potential solutions are being constantly implemented.

The issue of greenwashing prevention is very complex and covers a variety of issues. Hence, there is the need for a holistic approach to the problem, and seeing the widest possible perspective on the occurring problems. It is difficult in today's globalized world to think fragmentary, either in local categories or narrowed to each market. The involvement

²² www.radareklamy.org/kodeks-etyki-reklamy.html?showall=&limitstart= (15.05.2015).

²³ *Reklama koncernu energetycznego Enea uznana za nieetyczną – sukces stowarzyszenia Eko-Unia*, 2010, <http://ziemianarozdrozu.pl/artykul/1530/reklama-koncernu-energetycznego-enea-uznana-za-nieetyczna-sukces-stowarzyszenia-eko-unia> (15.03.2015).

²⁴ R. Horiuchi, R. Schurchard, L. Shea, S. Townsend, *Understanding and Preventing Greenwash A Business Guide*, BSR 2009, p. 34–36, www.bsr.org/reports/Understanding_Preventing_Greenwash.pdf (15.03.2015).

of the largest possible number of the entities cooperating in affiliate programs, ethical councils, environmental programs, and many other initiatives, is crucial for the success.

Unfortunately, greenwashing still brings merely short-term advantages to some companies. This is due to the fact that the level of consumers' awareness regarding that matter is still not sufficient, or they simply show indifference and conformism. It seems, however, that better ethical standards are being gradually set, and the society expects more from the business than it used to in the past. Nevertheless, there is still a huge need for promoting and implementing good practices, as well as for forcing some appropriate system solutions and regulations.

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Abstract

This article is referring to the key elements of the 'greenwashing' problem – unethical practices in the field of communicating a corporate social responsibility. The author begins with defining the term and pointing out its genesis. Subsequently, the scale of the phenomenon in the world is shown. The author ponders what the reason of the greenwashing and its potential consequences can be. The following part of the article shows some existing ways of dealing with the problem – independent initiatives, law regulations, and good practices.

Zjawisko greenwashingu w marketingowej komunikacji CSR

Artykuł odnosi się do kluczowych elementów problemu greenwashingu – nieetycznych praktyk w dziedzinie komunikowania się społecznej odpowiedzialności biznesu. Autor zaczął od zdefiniowania terminu greenwashing, wskazując również na jego genezę. Następnie przedstawiona została skala występowania tego zjawiska na świecie. Autor prowadził rozważania na temat powodów greenwashingu i jego potencjalnych konsekwencji. W kolejnej części artykułu przedstawione zostały wybrane istniejące sposoby radzenia sobie z tym problemem – niezależne inicjatywy, przepisy prawa i dobre praktyki.