
**GREENWASHING IN BUSINESS: EXAMINING THE IMPACT OF
DECEPTIVE ENVIRONMENTAL CLAIMS ON CONSUMER BEHAVIOR
AND CORPORATE ACCOUNTABILITY**

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ABSTRACT

In recent years, the concept of “greenwashing” has become increasingly prevalent in the marketing industry. Greenwashing refers to the practice of companies exaggerating or misrepresenting the environmental benefits of their products or services in order to appeal to environmentally conscious consumers. To better understand and analyze this practice in the context of a need to urge corporations towards environmental-friendly approaches, we must deconstruct and study the causes, rationale, and outcomes of this practice as well. This paper aims to examine the prevalence, causes, effects, and techniques of greenwashing in marketing through a wide-perspective literature review and a critical analysis of three case examples that include a study of cases of greenwashing by corporations and brands like H&M, Unilever, and Nestle.

Introduction

In recent years, the concept of “greenwashing” has become increasingly prevalent in the marketing industry. Greenwashing, also known as "green sheen" or "environmental puffery," refers to the act of making false or misleading claims about the environmental benefits of a product or service in order to promote it as environmentally friendly (Peattie and Peattie, 2009). First coined by environmental activist Jay Westerveld in 1986, the term refers to the practice which is considered to be a form of consumer deception, as it can mislead consumers into thinking they are making a more sustainable purchase (Carroll and Barrett, 2010), when in reality the product may not be any more environmentally friendly than similar products on the market. This not only brings to question the ethical complexities of such practice but also the nature of environmental activism and its multifaceted constructivist and manipulative appropriation by the capitalist giants of the twenty-first century. Since it can take various forms, including the use of

vague or undefined terms such as "natural" or "organic", making exaggerated or false claims about a product's eco-friendliness, and using "green" packaging (Peattie and Peattie, 2009), there is a growing need for the dissemination of knowledge regarding these practises and their working principles in order to work towards its reduction. The use of greenwashing can and does, as we may further explore in this paper, have a negative impact on both consumers and companies that are promoting truly environmentally friendly products. On the one hand, it can lead to consumer confusion and mistrust, as consumers may feel misled when they purchase products that are not as environmentally friendly as they were led to believe (Carroll and Barrett, 2010). On the other hand, it can make it difficult for truly environmentally friendly products to compete in the marketplace, as they may not stand out from products simply being marketed as environmentally friendly (Peattie and Peattie, 2009).

For this, the understanding of the introduction of green principles and the association of environmental activism with advertisements becomes imperative to explore how and why corporates utilize this as an ideological and marketing tool for better sales and profit. Consumerology, the study of consumer behavior and how it relates to marketing, therefore, must be contextualized in its interaction with green marketing. Consumerology helps companies understand how consumers perceive and make decisions about environmentally-friendly products. Studies have found that consumers are willing to pay more for environmentally-friendly products and that they perceive such products as having higher quality. However, other research has suggested that consumers may have a "green bias," where they assume that products marketed as environmentally friendly are truly better for the environment, even if that may not be the case.

Consumer Perceptions of the Environmental Impact of Products by Peattie and Peattie (2001), for example, found that consumers tend to perceive environmentally-friendly products as having higher quality and being more expensive. Similarly, *Greenwashing and Leakage in Environmental Marketing* by Gershon, et al. (2019) explored that greenwashing (deceptive practices) by companies can lead to consumer confusion and mistrust, ultimately undermining the effectiveness of green marketing. For example, a company that markets a cleaning product as "green" or "eco-friendly" without providing any evidence or specific information on how it is more environmentally friendly than other cleaning products. This can be considered greenwashing as the company is making a claim that implies the product has environmental benefits without providing any evidence or specifics. Another example is when a company uses vague or misleading terms such as "natural", "organic" and "non-toxic" on their products, which can be misleading to the consumer as these terms are not regulated, and it does not necessarily imply that the product is environmentally friendly.

Another example is when a company uses images of nature or environmental symbols such as leaves, flowers or the earth, on their products or packaging, without providing any information on how their product is environmentally friendly. This could be considered greenwashing, as it implies that the product is environmentally friendly without providing any evidence or information to back up that claim.

It's worth noting that greenwashing is not a black-and-white issue and it's not always easy to identify. Some companies may make environmental claims that are technically true but misleading, or only highlight one aspect of their product or service that is environmentally friendly, while neglecting to mention other negative aspects.

In general, it's important for consumers to be aware of the potential for greenwashing and to critically evaluate environmental claims made by companies. It's also important to look for independent certifications or labels that verify environmental claims and to research the company and its products or services to get a more complete picture of their environmental impact.

Literature Review

Greenwashing is a term used to describe the practice of companies making false or misleading claims about the environmental benefits of their products or services. The phenomenon of greenwashing has been widely discussed in academic literature, with a growing body of research exploring the causes and consequences of this practice.

One of the main drivers of greenwashing is the increasing consumer demand for environmentally friendly products. Many companies have sought to capitalize on this trend by making exaggerated or false claims about the environmental benefits of their products, in order to appeal to environmentally conscious consumers. Research has shown that companies engage in greenwashing for various reasons, such as to improve their image, to increase their sales, to gain a competitive advantage or to comply with regulations. For Frances Bowen, the pervasive environmental ideologies in the mainstream corporate and business paradigms have been another prime reason for the sudden rise of greenwashing by larger as well as smaller corporations around the globe (Bowen 2014).

However, greenwashing can have a number of negative consequences. For instance, it can undermine consumer trust in environmentally friendly products, divert resources away from more effective environmental initiatives, and lead to the creation of an uneven playing field among companies. Additionally, greenwashing can lead to confusion among consumers and make it difficult for them to distinguish between products that are truly environmentally friendly and those that are not.

Another important aspect of greenwashing is the lack of clear definitions and standards to distinguish between legitimate environmental claims and false or misleading ones. This can make it difficult for consumers, regulators and other stakeholders to identify greenwashing and take appropriate action. The growing awareness and dissemination of half-knowledge around the subject have also caused a spike in anti-corporate moods across the globe. Its lack of definition further complicates the labeling of a certain initiative as greenwashing. Often, as in the case of H&M, as we shall explore later, genuine initiatives get flagged and discouraged due to a stark decrease in brand promise among consumers. This, therefore, problematizes who decides, or has the power to decide, what counts as greenwashing and what does not.

To address the problem of greenwashing, a number of approaches have been proposed in the literature. These include:

1. Increased regulation, such as the development of laws and regulations that prohibit false or misleading environmental claims, and the creation of government agencies to enforce these laws.
2. Consumer education, through campaigns and programs, informs consumers about the dangers of greenwashing and how to identify it.
3. Third-party certification programs, provide independent verification of environmental claims and help consumers identify products that are truly environmentally friendly.
4. Corporate self-regulation, where companies adopt their own policies and guidelines to ensure their environmental claims are accurate and verifiable.

Overall, the literature on greenwashing highlights the need for increased transparency and accountability in the marketing of environmentally friendly products, as well as the need for more effective mechanisms to prevent and penalize false or misleading environmental claims. The literature also suggests that a multi-pronged approach, involving a combination of regulation, consumer education, and third-party certification, may be most effective in addressing the problem of greenwashing.

In conclusion, greenwashing is a serious problem that has recently drawn a lot of attention in academic literature. The literature focuses on the difficulties in combating greenwashing as well as its sources and effects. It also implies that the best way to combat the issue of greenwashing may be a multi-pronged strategy that combines regulation, consumer education, and third-party certification. Therefore, it is crucial for businesses to be honest and genuine in their environmental claims in order to offset the negative impacts of "greenwashing." This can be done by using third-party certifications and labeling that certify environmental claims.

Additionally, government and non-government organizations should play a role in regulating the use of environmental claims and in providing consumers with accurate information about the environmental impact of products and services (Carroll and Barrett, 2010).

A Survey of Techniques and Devices Used in Greenwashing

To understand how and why greenwashing occurs and how consumers can spot it, it is important to understand that it frequently takes the form of using the colour green or images of nature in advertising to suggest that a product is environmentally friendly, even if it is not. These techniques are driven by consumerology, as Philip Graves calls it, and an attempt to actively manipulate the consumer. The use of the color green is one of the most prevalent examples of greenwashing in advertising. Green is frequently connected to sustainability, the environment, and nature. Therefore, many businesses utilize the color green in their advertising to imply that their products are eco-friendly. For example, a company might use a green logo or a green background in an advertisement for a product that is not actually environmentally friendly.

The use of images from nature in advertisements is another example of greenwashing. To imply that their products are environmentally friendly, businesses may use images of trees, leaves, or other natural aspects in their advertising. In an advertisement promoting a product that isn't genuinely created from sustainable materials, a business might, for instance, depict a tree.

False or deceptive statements about a product's environmental advantages are another example. An organization can, for instance, falsely declare that a product is manufactured from recycled materials. Or a business may represent a product as biodegradable when it is not. The intentional use of language and imagery in advertising that invokes ideas of environmentalism, sustainability, and social responsibility is known as environmental rhetoric (Ross 2013). Companies frequently utilize it to promote their brands and goods, as well as to appeal to customers who are concerned about the environment. However, environmental language can be a type of "greenwashing" if it is utilized in an untruthful or deceptive manner. Even if their products are not ecologically friendly, businesses utilize environmental jargon in their advertising to build a positive picture of their brand and products. For instance, a business may use the terms "eco-friendly," "sustainable," "green," or "natural" to describe a product even though it is not created from sustainable materials or has an adverse effect on the environment. Greenwashing can also be seen in the usage of catchphrases like "Think Green" or "Reduce, Reuse, and Recycle" without any concrete actions to support them. Without taking any significant actions to lessen their environmental impact or without making considerable recycling or reuse efforts, businesses may use these slogans in their advertising. This can create a false impression of the company's commitment to the environment and mislead consumers into thinking they are supporting an environmentally friendly brand.

Greenwashing and the Economy of Marketing

The practice of "greenwashing" can skew the market, making it more difficult for sustainable enterprises to prosper and delaying the shift to a more sustainable economy. This is due to the possibility of consumer mistrust and skepticism against any environmentally friendly products and claims (Carroll 1999), which might hinder the success of real sustainable firms. A TerraChoice Environmental Marketing survey found that 99% of "green" products contain at least one untrue or deceptive environmental claim (Sinclair, 2010). Consumers may find it more difficult to distinguish between real ecologically friendly items and those that are merely making false or deceptive claims as a result of this widespread practice of "greenwashing". It can lead to decreased sales and revenue for these businesses and make it harder for them to compete with companies that are engaging in greenwashing. Second, in order to differentiate themselves from companies that make false or misleading environmental claims, these businesses may have to invest more resources in communicating their commitment to sustainability and proving the validity of their claims. This can put a financial burden on these companies, making it more difficult for them to compete with companies that are engaging in greenwashing. Furthermore, greenwashing can also lead to increased regulations and legal action (Lyon et al 2015). Governments and consumer advocacy groups may take action to crack down on companies that make false or misleading environmental claims, which can be costly for these companies. This increased regulatory environment can also create barriers to entry for new, sustainable businesses, making it more difficult for them to enter the market.

For example, Patagonia, a company that has long been known for its commitment to sustainability, has faced competition from other companies that make false or misleading environmental claims. In 2011, the Federal Trade Commission (FTC) filed a complaint against another outdoor clothing company, The North Face, for making false or misleading environmental claims about the eco-friendliness of its products. Patagonia thereafter increased their marketing campaigns and advertisements with a focus on its use of sustainably constructed materials. It could be argued that this was the result of the complaint against The North Face and that Patagonia had to invest more resources to show its commitment to sustainability and differentiate itself from companies that greenwash its products because of this.

The Ethics of Corporate Responsibility and Greenwashing

Greenwashing, which purposefully lies to and manipulates the consumer audience, can be considered a failure of corporate social responsibility. Companies are increasingly acting unethically to take advantage of this trend as customer demand for sustainable goods and services rises. For instance, it was discovered that some automakers overstated the fuel efficiency ratings of their automobiles in the early 2000s. Numerous class-action lawsuits and

settlements resulted from this. The objective of human life, according to Aristotle's virtue ethics, is to achieve eudaimonia, or human flourishing, by cultivating virtues like honesty, fairness, and responsibility, which calls into question the moral soundness and righteousness of such businesses that participate in greenwashing.

1. Deception: Making false or deceptive environmental claims in order to attract environmentally conscientious customers is known as "greenwashing." This constitutes deception, which is typically viewed as ethically reprehensible. Greenwashing can therefore be considered as a transgression since it disobeys the moral prohibition against deceit from the viewpoint of ethical theories like deontology, which emphasizes the significance and validity of moral laws as a universal code (Kant 1785)
2. Fairness: As was already mentioned, Greenwashing by powerful corporations can hinder the growth of genuinely sustainable businesses and delay the shift to a more sustainable economy. According to the distributive justice ethical theory, which promotes the equitable distribution of benefits and costs (Rawls 1971), greenwashing is unethical since it gives businesses that are not genuinely committed to sustainability an unfair advantage over those that are.
3. Consequentialism: Finally, as was extensively covered before, the practise may also have detrimental effects on the economy and the environment. Greenwashing becomes morally wrong and problematic as it causes and contributes to continuous environmental deterioration and a less effective and sustainable economy, in accordance with consequentialism, which establishes the moral worth of an action by its effects (Bentham 1823).

Case Example One: H&M

One of the prime reasons for the fast-paced global success of H&M (Hennes & Mauritz) is the company's business model, which is based on fast fashion. This means that H&M produces trendy clothing at low prices, which appeals to many consumers who want to stay up-to-date with the latest styles without spending a lot of money. But recently, the company has faced criticism for greenwashing in several ways.



Fig. 1. H&M Conscious Campaign. Bin Shen, *Sustainable Fashion Supply Chain*, 2014.

First and the most important reason for this has been the brand's "Conscious Collection," which is marketed as being made from sustainable materials. However, the collection only represents a small fraction of H&M's overall product line, and the company has been criticized for not providing enough information about the environmental impact of its other products. Additionally, the company has been criticized for using "greenwashing" labels and terms, such as "eco-friendly" and "sustainable," without providing any clear definitions or criteria for what those terms mean. One of such first striking features of this campaign, as seen in figure 1, is its use of the color green in order to trick the consumers into believing that it is automatically a "green initiative".

H&M's practice of producing large amounts of fast fashion, which is known to have a significant environmental impact due to the energy and resources required to produce and transport the clothing, as well as the waste generated when the clothes are discarded therefore dispute and problematize such claims by the brand. The company has been criticized for not taking sufficient steps to reduce its environmental impact, such as by using more sustainable materials or implementing more efficient production processes. In figure 1, we can see how the brand has made use of environmental rhetoric to construct a certain image by actively influencing its consumer-audience. These marketing tools further manipulate the consumer by incorporating them into this "green initiative". Phrases like "Thank you for not letting fashion go to waste," makes consumers believe that they are active participants in this morally and ethically virtuous practice and motivates them to buy these products. This shows not only a deliberate praxis of consumerology but also phrases and rhetoric that can be clearly termed as greenwashing. These are half-truths that are not accompanied by objective facts about the company's engagement with

environmental conservation. Consequently, the company has been criticized for not providing enough information about the environmental impact of its products, not taking sufficient steps to reduce its environmental impact, and using images of nature and environmental messages in its advertising campaigns without taking meaningful action.

Case Example Two: Unilever

Unilever, a multinational consumer goods company, produces and markets a wide range of products, including personal care, cleaning, and food items which makes it crucial to analyze and inspect its interaction with the environment and more critically, environmental rhetoric. In recent years, Unilever has positioned itself as a leader in sustainability and has made commitments to reduce its environmental impact which makes it interesting to note that the company has also been accused of greenwashing in its marketing, exaggerating or misrepresenting the environmental benefits of its products in order to appeal to environmentally conscious consumers.

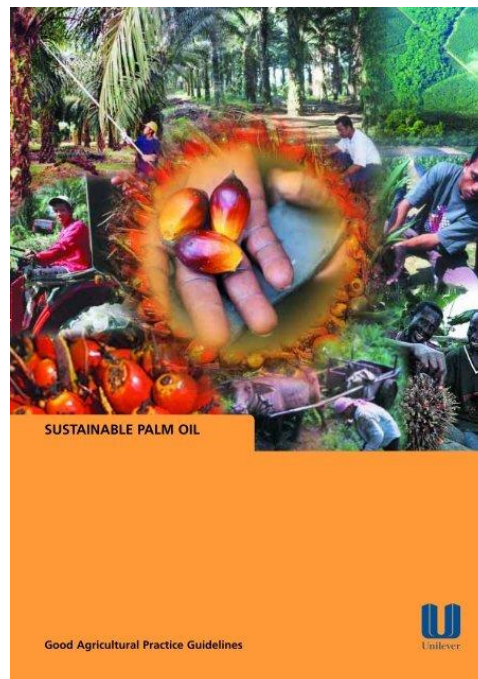


Fig. 2. Cover, *Sustainable Palm Oil*, Unilever Maghreb, 2012.

One example of Unilever's greenwashing practices is its use of the term "sustainable palm oil" in its marketing. Palm oil is a common ingredient in many of Unilever's products, but the production of palm oil has been linked to deforestation and habitat destruction. In response to this, Unilever has committed to sourcing 100% of its palm oil from sustainable sources by 2020.

However, an investigation by Greenpeace found that Unilever's definition of sustainable palm oil did not align with international standards and included suppliers linked to deforestation. This concept of "sustainable palm oil" has also been criticized for being misleading, as many producers that claim to produce sustainable palm oil still engage in practices that are harmful to the environment and local communities. For example, a study by the Center for International Forestry Research (CIFOR) found that many palm oil producers in Indonesia and Malaysia, who are certified as sustainable by the Roundtable on Sustainable Palm Oil (RSPO), still engage in activities such as clearing primary forests, draining peatlands, and violating the rights of local communities.



Fig. 3. Packaging, Lipton Tea, Unilever. Source: Getty.

Further, Unilever has also been criticized for its use of "greenwashing" claims in its marketing of its Lipton tea. While the use of color green and the imagery of leaves and nature are evident in this text as well, what requires attention are the company's claims that its tea was "rainforest friendly" and that it was "supporting the conservation of the rainforest." While the stamp of Rainforest Alliance alleges that Unilever adheres to the standards of sustainable practices in its tea plantations and productions, the boundaries of such standards and definitions remain ambiguous. Studies by researchers and journalists like Verity Largo and Andrew Wasley have shown that not only are these sustainable practices not actually "sustainable", they are further accompanied by gross human rights violations of their workers (Largo, Wasley 2011).

Another interesting observation pertaining to this case is that Unilever, like many other companies, has made commitments to sustainability and has implemented sustainable practices in some areas, but this case of Lipton tea shows how greenwashing can happen even when a company has good intentions and on a journey towards an environmentally conscious future, but fails to provide accurate and transparent information about their environmental impact which problematizes their claims and practices.

Case Example Three: Nestle

Now, we must reposition our attention towards Nestlé, a Swiss multinational food and drink processing conglomerate corporation headquartered in Vevey, Vaud, Switzerland. Being the largest food company in the world measured by revenue, and ranked No. 72 on the Fortune Global 500 in 2019, it becomes both striking and concerning to look at the various allegations against the company's deliberate attempts at greenwashing.



Fig. 2. Packaging, Poland Spring. Source: Amazon.

One example of Nestle's greenwashing practices is its use of "100% pure" and "all-natural" claims alongside the imagery and symbolism of nature in the marketing of its Poland Spring water brand. In 2003, the Federal Trade Commission (FTC) charged Nestle with making false and misleading claims about the source and purity of Poland Spring water. The FTC found that the water was not sourced from a "natural spring" as claimed, but rather from a well, and that the water was not "100% pure" as claimed, but rather had been treated with chemicals such as chlorine. While this does not directly involve environmental rhetoric, it differs from the previous case examples in its deliberate usage of the symbol of nature's purity as a marketing tool.

In a similar case, Nestle's Poland Spring water brand has also been under scrutiny for its impact on the overall well-being of its consumers. In 2018, a group of consumers filed a class action lawsuit against Nestle, alleging that the company had been bottling and selling "common groundwater" rather than "100% natural spring water" as advertised. The lawsuit claims that the

water is sourced from wells that tap into underground water sources that can be impacted by pollutants and human activity for which the case is still pending.

Therefore, similar to H&M and Unilever, Nestle has also been criticized for its lack of transparency in its sustainability reporting and for not adequately addressing issues such as water scarcity and human rights in its supply chain. A report by Oxfam, a non-profit organization that works to end poverty and injustice, found that Nestle was one of the worst-performing companies in terms of transparency and addressing water-related risks in its operations and supply chain.

Conclusion

Greenwashing is a prevalent issue in the marketing industry, with many companies exaggerating or misrepresenting the environmental benefits of their products or services. This not only misleads consumers but also creates barriers to truly sustainable products and companies. Greater government regulation, transparency, third-party certification, and activism can all play a role in combating greenwashing and promoting truly sustainable products and practices. While such solutions and suggestions are prevalent and necessary, this paper has concluded that consumer education and the construction of a class of conscious consumers are also needed for the regulation and identification of greenwashing in marketing and retail. The use of color, phrases, and certain environmental rhetoric are techniques deployed by the corporates that must be further explored with the help of behavioral sciences and consumerology to deepen the knowledge of the practice further and to develop an effective counter to it.

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