

Unmasking Greenwashing: A Brief Note to Consumers

Jaya Kumar Shanmugam¹, Intan Marzita Saidon^{2*}, Marjan Mohd Noor C.A (M)³, Kartikeyan Lokanathan⁴, Wan Kamarul Hazim Wan Ya C.A (M), ASEAN CPA⁵

^{1,2}Faculty of Accountancy, Universiti Teknologi MARA, Cawangan Kedah

*Corresponding Author

DOI: <https://dx.doi.org/10.47772/IJRISS.2024.8100029>

Received: 15 October 2024; Accepted: 20 October 2024; Published: 28 October 2024

ABSTRACT

Greenwashing is a tactic used by businesses to portray that their products are environmentally sound. It involves making unsubstantiated assertions to deceive consumers into believing that the products are environmentally friendly or have a positive environmental impact than they do. Acknowledging the significant negative influence of greenwashing on consumers, this paper aims to elucidate this issue. Besides explaining the concept of greenwashing, this paper explores the four common methods. The paper also offers tips to empower consumers in addressing this issue. It is hoped that this effort will help stimulate awareness about greenwashing and ways to curb this issue.

Keywords: Greenwashing, Environmental sustainability, Vagueness method, False Claims method, Imagery method, Political Spin method

INTRODUCTION

The phrase greenwashing refers to the practice of misrepresenting an organization's environmental efforts or utilizing more resources than necessary to appear environmentally responsible (Nemes et al, 2022). The practice includes spreading incorrect or misleading information regarding an organization's environmental plans, goals, and activities that create a facade of sustainability.

Greenwashing has been studied across various academic fields, including economics, geography, political science, psychology, business, and environmental studies (Nemes et al, 2022). Given the variety of perspectives involved in the discourse, it is unsurprising that no single definition of the term greenwashing has garnered universal consensus. As environmental issues become significant and prominent, greenwashing definitions continue to evolve, making it challenging for academics, practitioners, and policymakers to establish a clear framework for evaluation (Nemes et al, 2022).

Nowadays, with the growing consumer demand for sustainable products coupled with heightened environmental awareness, some businesses resorted to greenwashing practices to deceive the public about the environmental benefits or practices of their products (Nassos & Avlonas, 2020). As a result, consumers often struggle to identify genuinely sustainable products or services due to ambiguous information. Therefore, the lack of transparency consequently leads to consumer confusion, preventing meaningful societal progress toward environmental sustainability.

Given the increasing prevalence of greenwashing, this paper aims to elucidate the issue of greenwashing practices. By doing so, it seeks to contribute to a clearer understanding of this issue and offer insights that may bring theoretical and practical benefits. This paper is structured in the following manner: it begins by explaining the concept of greenwashing, followed by an exploration of the four greenwashing methods. Next,

it suggests a few tips to enhance consumer empowerment regarding the greenwashing issue. Finally, the paper ends with a brief conclusion.

THE CONCEPT OF GREENWASHING

Although the term greenwash was introduced more than two decades ago, increasing concern about environmental protection and sustainability issues globally has somehow triggered considerable interest and scrutiny of greenwashing practices among businesses recently (Lyon & Montgomery, 2015). Greenwashing refers to the act of making false or deceptive claims about the environmental advantages of a product, service, or organizational practices, intending to create an inaccurate perception of environmental responsibility (Somany, 2023).

Previous studies indicate that businesses tend to apply either severe or more ambiguous forms of greenwashing. In other words, there are companies involved in outright lies about their environmental practices, while others choose to use subtle tactics such as vague statements or emotional cues to create environmental attributes without giving confirmable evidence (Jong et al., 2019; Naderer et al., 2017). An example of a greenwashing tactic could be evidenced in the airline industry where they started promoting environmentally friendly payment options for air travel while leaving out important information that would allow customers to evaluate the truthfulness or reasonableness of such compensatory actions (Neureiter et al., 2024). These compensation claims are particularly powerful because they might trigger or reaffirm customers' compensatory green beliefs. Consequently, such claims might leave consumers uncertain as to whether the solutions offered adequately offset the environmental impact of flying (Polonsky et al., 2010). On the other hand, Volkswagen's "Dieselgate" scandal could be viewed as an example of deceptive environmental marketing. In this case, Volkswagen purposefully advertised its diesel cars as low-emission vehicles but in reality, they had software installed to rig the emissions testing (Lindwall, 2023).

Overall, the impact of greenwashing on consumers may vary depending on the severity of the deception. As posited by (Schmuck et al., 2018) consumers are often unaware of vague greenwashing advertisements, regardless of their environmental concerns. Recently, consumers have found it challenging to distinguish between greenwashing and legitimate green claims (Nyilasy et al., 2014). Previous studies suggest that the concept of greenwashing is a complex multifaceted issue that needs to be further investigated to provide a deeper understanding and alertness of its implications (Jong et al., 2019; Naderer et al., 2017).

TYPES OF GREENWASHING

Vagueness Method

One of the methods used by businesses to greenwash their products or services is by using vague language and imagery to create a false impression of their environmental responsibility (Lyon & Montgomery, 2015). Examples of such methods are applying ambiguous terminology, unsupported environmental certification, and selective disclosure of information (Lyon & Montgomery, 2015). This method of greenwashing could be as effective as outright lies because it tends to mislead or confuse consumers which will lead them to make inferences and have positive perceptions based on limited information. Without detailed information, the claims made by those businesses remain open for interpretation, allowing businesses to benefit from consumers' positive association with sustainability without having to commit to any environmental practices (de Freitas Netto et al., 2020).

Common terms used by businesses in applying this method are "eco-friendly", "green" or "natural". For instance, a business may claim that its product is "biodegradable", however, the business did not clarify the process or time taken to biodegrade and the environmental impact it might cause during decomposition. By doing this, the business can portray positive environmental practices while doing little or nothing to help environmental sustainability (Broadhurst & Barrow, 2024).

It was reported that the vagueness method of greenwashing prominently exists in the transportation, cosmetics, food, and fashion industries (Euroconsumers, 2023). For instance, cosmetics companies often label their products as “natural” or “non-toxic”, yet the terms remain undefined. The declaration might be based on the usage of a small percentage of plant-based ingredients but silent in the usage of synthetic chemicals in the rest of formulation. Previous studies reveal that consumers are misled into believing such products are free from any harmful chemicals that have negative environmental impacts (GBB, 2021).

Businesses gain from practicing this method of greenwashing in many ways. One of them is that it will be difficult for regulators to take legal action against them because the usage of vague terminologies does not specifically promise quantifiable results. As such, businesses are free from any legal repercussions related to false advertising. Thus, by using the vagueness method, businesses can portray a sustainable image without needing to make any changes to their environmental practices. In the long run, the application of this method will not only deceive consumers but also weaken genuine sustainability initiatives.

Imagery Method

Another insidious method of greenwashing is the imagery method. Under this method, businesses will use visually appealing but meaningless or misleading imagery to convey their environmental responsibility to consumers (Somany, 2023). Using natural imagery such as images of forests, wildlife and beautiful landscapes will convey the idea that businesses are environmentally conscious although the reality differs (Naderer et al., 2017). For example, a product may be created using methods that harm the environment, but the business may nevertheless utilize packaging that features images of a calm pristine forest. This tactic is proven effective as it influences the emotions and psychology of consumers who may be drawn to such visually appealing imagery and assume that the business is environmentally responsible (Naderer et al., 2017; Somany, 2023).

Interestingly, the use of specific colors, especially green, in product labeling and branding is another example of the imagery method (Yıldırım, 2023). The green color has long been associated with nature, growth, and sustainability. Therefore, taking advantage of this general perception, businesses commonly apply this color to signal their eco-friendliness regardless of the actual environmental impact caused by their operations. Customers often get impressed by the “green” image portrayed by businesses and thus make no effort to seek certification or verifiable proof of sustainability.

Some businesses apply the imagery method of greenwashing in their sustainability or annual reports (Hrasky, 2012). They will embed pleasant images of their environmental stewardship to mask their real ecological impacts. In the report, minor ecological initiatives such as beach-cleaning programs will be highlighted while obscuring harmful aspects of their operations such as resource depletion. Applying such methods of reporting will not only mislead stakeholders but also complicate the regulatory bodies to charge businesses for their environmental claims.

False Claims Method

This is the most straightforward method of greenwashing where businesses make outright lies (Naderer et al., 2017). This method involves spreading blatant falsehoods or deceptive information about environmental policies, goods, or services of the business. Such claims are often purposely designed to manipulate consumers’ perceptions while enhancing businesses’ reputations and concealing their environmentally detrimental operations or actions.

Among common examples adopted by businesses are when they assert that their operations are carbon-neutral, or their products are comprised of sustainable materials, but they do not follow industry standards or offer credible evidence to back up their assertions. Their actions not only deceive customers but also distort the competitive market as well as erode the trust in legitimate sustainable efforts. As mentioned by Delmas & Burbano (2011), false claims method can be harmful because it takes advantage of consumers’ limited liability to independently confirm such claims, making them susceptible to deceit. On the side of businesses, the

motivation to use this method could be due in part to the complexities surrounding environmental certifications and regulations (Delmas & Burbano, 2011). The complexities lead businesses to make exaggerated environmental claims without any fear of legal repercussions.

The case of H&M, a famous fashion brand, could be used to illustrate the false-claims method of greenwashing (de Freitas Netto et al., 2020). H&M launched the “Conscious Choice” clothing line. The company asserted that those clothes are made with at least 50% sustainable materials. Thus, the company marketed the collection as eco-friendly. However, further investigations revealed that many of the collection’s items did not adhere to the environmental standards. As a result, H&M faced accusations of using greenwashing tactics to deceive eco-conscious consumers without actually taking any environmentally sustainable actions.

Political Spin Method

It is undeniable that the widespread adoption of greenwashing could be associated with the desire of businesses to profit from the growing demand for sustainable products and services. Previous studies revealed that some businesses purposely practice greenwashing to project an image of being good corporate citizens (Somany, 2023). Political spin refers to a deliberate manipulation of facts to sway public opinion. This concept originates from the field of public relations and political communication (Moloney, 2000) Political spin is another method of greenwashing.

Like how politicians shape narratives to disguise uncomfortable truths, businesses employ this method to divert attention from unsustainable environmental practices while highlighting selective environmental efforts. By applying this method, the businesses are involved in a deliberate kind of deception that aims to create the impression of compliance with sustainability standards. Nevertheless, the truth is that they did not make any changes in their operations to improve the environment.

Selective disclosure of philanthropic activities is a common tactic used by companies in applying this greenwashing method. In short, the political spin method poses a serious risk to environmental governance and consumer empowerment. For example, despite the “World Without Waste” campaign launched by Coca-Cola, in 2021, the company was ranked the world’s leading plastic polluter for the fourth consecutive year by the Break Free from Plastic movement (Lin, 2022). Another example is when Shell launched multiple campaigns promoting its renewable energy investment and commitment to net-zero emissions. Yet, the company was ordered by a Dutch court to significantly cut its emissions by 2030. This case highlights the disconnection between the company’s public commitments and its actual emissions practices (BBC, 2021) .

TIPS FOR CONSUMERS

To mitigate the spread of greenwashing, customers need to become acutely aware of the tactics employed by businesses and learn to critically assess the environmental assertions about products or services. One of the ways is to take the initiative to seek verification of what was claimed by businesses rather than relying solely on vague or emotive language. Environmental assertions by businesses that appear to be too good to be true could be used as a red flag on the application of greenwashing tactics. Seeking out independent assertions about the claims made could be the way to validate the business's sustainability efforts.

Other than that, consumers need to equip themselves with relevant knowledge to ensure that they know their rights when faced with greenwashing issues. The knowledge will help them make better purchasing decisions and enhance their understanding of supposedly sustainable environmental practices. Therefore, consumers will know which businesses are genuinely dedicated to sustainability. Further, they know whom to approach if they want businesses to be accountable for engaging in greenwashing.

Furthermore, examining business transparency could be a way to detect greenwashing tactics. Usually, those businesses that genuinely care about environmental sustainability will disclose detailed information or data such as data about carbon emissions, resource usage or any environmental practices (Parguel et al., 2011). In

contrast, businesses that engage in greenwashing commonly withhold important details while exaggerating their accomplishments. In a similar vein, Lyon & Montgomery (2015) indicate the existence of a “hidden trade-off” tactic where businesses overemphasize their sustainable contributions while hindering the greater negative environmental impact caused by their operations. For instance, they market their product as energy-efficient but do not disclose that the production process has created significant pollution. Thus, consumers need to be more cautious when dealing with businesses that refuse to provide precise and quantifiable information about their environmental initiatives.

CONCLUSION

As businesses decide to cater to the growing demand for environmentally friendly products, the distinction between genuine sustainability initiatives and greenwashing marketing tactics has become hazy. Consequently, the greenwashing issue poses a significant challenge to customers who genuinely care about environmental sustainability. These deceptive marketing tactics have negatively impacted environmental advancement and place the responsibility onto the consumers. Nowadays, consumers need to do extra work to cleverly discern between deceptive marketing assertions of environmental sustainability and the actual truth about such matters.

Thus, consumer empowerment is essential to mitigate the practice of greenwashing among businesses. Knowledgeable consumers have the power to enhance the ethical corporate conduct of businesses. By making purchasing decisions based on verifiable evidence of sustainability claims, customers will have the opportunity to create a market environment that rewards genuine ecological stewardship and penalizes those applying greenwashing tactics. In the long run, strengthening consumer empowerment will force businesses to only engage in authentic, positive, and impactful environmental initiatives to ensure their business sustainability.

REFERENCES

1. BBC. (2021, May 27). Shell: Netherlands court orders oil giant to cut emissions. British Broadcasting Corporation.
2. Broadhurst, N., & Barrow, G. (2024, May 17). Addressing Greenwashing in the Airline Industry: The Impact of the Green Claims Directive. Steven & Bolton.
3. de Freitas Netto, S. V., Falcão Sobral, M. F., Bezerra Ribeiro, A. R., & da Luz Soares, G. R. (2020). Concepts and forms of greenwashing: a systematic review. *Environmental Sciences Europe*, 32(19), 2–12.
4. Delmas, M. A., & Burbano, V. C. (2011). The Drivers of Greenwashing. *California Management Review*, 54(1), 64–87.
5. Euroconsumers. (2023, December 15). Fighting Greenwashing: Do It Now and Do It Right. Euroconsumers.
6. GBB. (2021, December 16). The Seven Sins of Greenwashing: Identifying False Eco Claims. Green Business Benchmark.
7. Hrasky, S. (2012). Visual disclosure strategies adopted by more and less sustainability-driven companies. *Accounting Forum*, 36(3), 154–165.
8. Jong, M.D.D., Huluba, G., & Beldad, A. (2019). Different Shades of Greenwashing: Consumers' Reactions to Environmental Lies, Half-Lies, and Organizations Taking Credit for Following Legal Obligations. *Journal of Business and Technical Communication*, 34(1), 1–39.
9. Lin, Z. (2022). Reasons and analysis of Coca-Cola's greenwashing. *BCP Business & Management*, 33, 23–28.
10. Lindwall, C. (2023, February 9). What is greenwashing? NRDC.
11. Lyon, T. P., & Montgomery, A. W. (2015). The Means and End of Greenwash. *Organization & Environment: The Journal of Business Sustainability*, 28(2), 223–249.
12. Moloney, K. (2000). *Rethinking Public Relations: The Spin and the Substance*. Routledge

13. Naderer, B., Schmuck, D., & Matthes, J. (2017). Greenwashing: Disinformation through Green Advertising. In *Commercial Communication in the Digital Age* (pp. 105–120). De Gruyter.
14. Nassos, G., & Avlonas, N. (2020). Green Marketing and Communication and How to Avoid Green and Blue Washing. In *Practical Sustainability Practices: How to Gain a Competitive Advantage* (Second Edition, pp. 313–324). John Wiley and Sons Inc.
15. Nemes, N., S. J., Smith, P., Smith, T., Aronczyk, M., Hill, S., Stabinsky, D. (2022). An Integrated Framework to Assess Greenwashing. *MDPI Sustainability*, 2-13.
16. Neureiter, A., Hirsch, M., Matthes, J., & Naderer, B. (2024). Sustainable Flying? The Effects of Greenwashed Claims in Airline Advertising on Perceived Greenwashing, Brand Outcomes, and Attitudes Toward Flying. *Environmental Communication*, 18(7), 873–890.
17. Nyilasy, G., Paladino, A., & Gangadharbatla, H. (2014). Perceived Greenwashing: The Interactive Effects of Green Advertising and Corporate Environmental Performance on Consumer Reactions. *Journal of Business Ethics*, 125(4), 693–707.
18. Parguel, B., Benoît-Moreau, F., & Larceneux, F. (2011). How sustainability ratings might deter 'greenwashing': A closer look at ethical corporate communication. *Journal of Business Ethics*, 102(1), 15–28.
19. Polonsky, M. J., Grau, S. L., & Garma, R. (2010). The new greenwash? Potential marketing problems with carbon offsets. *International Journal of Business Studies: A Publication of the Faculty of Business Administration, Edith Cowan University*, 18(1), 49–54.
20. Schmuck, D., Matthes, J., & Naderer, B. (2018). Misleading Consumers with Green Advertising? An Affect–Reason–Involvement Account of Greenwashing Effects in Environmental Advertising. *Journal of Advertising*, 47(2), 127–145.
21. Somany, N. (2023). Greenwashing in Business: Examining the Impact of Deceptive Environmental Claims on Consumer Behaviour and Corporate Accountability. *International Journal of Social Science and Economic Research*, 8(4), 908–920.
22. Yıldırım, S. (2023). Greenwashing: A rapid escape or slow transition. *Journal of Management & Research*, 1-12.