

GREENWASHING: TRICK OR THREAT

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Abstract: In recent decades, there has been a notable increase in environmental awareness among consumers. In response to this shift, many companies have pursued to present themselves as environmentally responsible. They have adopted sustainability-focused marketing strategies to highlight their eco-friendly practices and products. However, this trend has also given rise to concerns about greenwashing, where some companies exaggerate their commitment to sustainability without making substantial changes. However, numerous claims made in this context lack validity, giving rise to what is termed greenwashing. This paper examines whether greenwashing poses a significant threat to genuine sustainability efforts or if it is simply a deceptive marketing tactic aimed at manipulating consumer perceptions.

Key words: greenwashing, marketing ethics, green marketing

INTRODUCTION

The growing awareness of environmental issues, the limited nature of natural resources, and the need to preserve the planet for future generations have resulted in the establishment of green marketing. The American Marketing Association (AMA) published one of the first definitions of green marketing, saying that it is a type of activity involving the distribution of products deemed safe for the environment [1], [2]. This is a holistic approach that involves a wide range of activities, including product modifications, adjustments in production processes, changes in packaging, management of storage, and alterations in advertising strategies. All these efforts aim to reduce the negative environmental impacts of business operations [3]. The primary goal of green marketing is to attract consumers who are conscious of environmental issues and prefer to support products and companies that are eco-friendly. However, adopting green practices can be expensive in the short term, leading some companies to engage in unethical green marketing practices (greenwashing) as a way to expand their market without genuinely pursuing environmental objectives.

Greenwashing is usually understood as a company's attempt to deceive consumers and the public about the ecological attributes of its products, services, or operations. This involves promoting their offerings as environmentally friendly, even though these claims are often exaggerated or false [4], [5]. The term brings attention to the presentation of positive information regarding the environmental performance of a particular organization or product, while negative information is not fully revealed [6], [7].

Given the context, it's important to analyze whether greenwashing is simply a strategy for companies to falsely improve their environmental image or if it represents a deeper threat to the integrity of real environmental efforts and consumer trust. Is greenwashing simply a deceptive tactic, or does it pose a broader risk to the effectiveness of green marketing and sustainable practices?

WHAT IS GREENWASHING?

The term "greenwashing" has been known since 1986 when it was first used by environmental activist Jay Westervelt [4], [8], [9]. He noticed that many hotels began placing signs in rooms, stimulating guests to reuse towels in order to "save the environment." While these hotels portrayed this practice as an eco-friendly initiative, Westervelt realized that they were not taking meaningful steps to preserve the environment, their true goal was to cut costs. This kind of deceptive environmental claim became symbol of greenwashing. Since then, the topic of greenwashing has become highly relevant, and the number of studies on the subject has grown significantly.

Although the term has been in use for a long time, there is no generally accepted definition due to its interdisciplinary nature [9]. Specifically, greenwashing is associated with corporate sustainability, ecology, social and economic issues.

The Oxford English Dictionary defines greenwashing as "false or incomplete information by an organization to present an environmentally responsible public image" [4], [8], and this is one of the most cited definitions. According to Terra Choice, company that specializes in environmental marketing and consulting, greenwashing is defined as "the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service" [8]. Furthermore, according to [9] and [4], the understanding of greenwashing is incomplete without considering the role of accusations made by third parties. These accusations often assert that an organization has participated in unlawful or unethical practices.

The phenomenon of greenwashing has been examined by scholars across a wide range of disciplines, including business, economics, social sciences, environmental management, and law [8]. Each field contributes its own perspective and insights, highlighting the complexity and multifaceted nature of greenwashing.

One group of authors [4] describe greenwashing as a type of selective disclosure in which a company strategically withholds negative information about its environmental practices. This involves not revealing or minimizing any negative details regarding the company's environmental impact. Instead, the company highlights and promotes positive aspects of its environmental performance, such as showcasing green initiatives or sustainability efforts. The company aims to create a favorable impression of its environmental responsibility, even though it has not made significant improvements or changes to its actual environmental practices. This selective approach to communication allows the company to project an image of ecological responsibility while concealing undesirable truths about its environmental impact.

Some authors link greenwashing to decoupling behavior, where companies advertise specific actions or initiatives but, in practice, engage in entirely different activities. According to [7] greenwashing involves decoupling behaviors that present symbolic environmental protection actions without actual commitment or action, aimed at reducing public pressure and avoiding conflict with stakeholders.

The third group of researchers highlights that greenwashing is viewed as a pragmatic concept [4], with each stakeholder interpreting it based on the personal advantages they might gain from it. For example, consumers may interpret greenwashing in light of their desire for environmentally friendly products. Investors may look at greenwashing to see how it affects a company's financial health, determining if the company's environmental claims influence its ability to succeed.

Types of greenwashing

According to [4], greenwashing refers to the practice of deceiving consumers by providing false or exaggerated information about a company's environmental practices or sustainability efforts. This misleading behavior can occur at two levels [4], [8]:

- at the organizational level, where the company presents itself as being environmentally responsible without actually making meaningful changes, or
- at the product or service level, where the company overstates the environmental benefits of a particular product or service, giving the impression that it is more eco-friendly than it truly is.

According to [4], there is two main types of greenwashing in the literature:

- claim greenwashing and
- executional greenwashing.

Most research focuses on claim greenwashing, which involves misleading claims about the environmental benefits of a product or service. This type of greenwashing is analyzed thoroughly in multiple studies. On the other hand, executional greenwashing, which refers to

the actual implementation of environmental practices within a company, has been less frequently studied.

In [4] and [9] authors identify three types of greenwashed advertising:

- false claims - when company provides incorrect information about the environmental advantages of their product or service,
- omissions of important information – when companies withhold key details that would help consumers evaluate the accuracy of their claims, and
- vague or ambiguous terms – when companies use vague or broad language about environmental benefits, misleading consumers about the true eco-friendliness of their product or service.

In [4] authors systematized the literature and identified two typologies of green claims:

- claim type and
- claim deceptiveness.

Each of this two typologies involves five typological categories that is presented in Table 1. This table categorizes different types of deceptive environmental claims made by companies, highlighting how each claim is oriented and the specific form of deception involved. Product-oriented claims often use vague or ambiguous language, while process-oriented claims may omit important details. Image-oriented claims can involve outright falsehoods, and claims labeled as 'environmental facts' frequently combine multiple deceptive strategies. In some cases, a combination of deceptive tactics is deemed acceptable, further complicating the identification of misleading environmental claims.

Table 1. Typologies of green claims

Claim type	Claim deceptiveness
Product orientation	Vague/ambiguous
Process orientation	Omission
Image orientation	False/outright lie
Environmental fact	Combination two or more of the categories above
Combination two or more of the categories above	Acceptable

Firm-level greenwashing refers to misleading practices at the organizational level, where a company creates a deceptive image of its overall environmental responsibility. This involve [4], [9]:

- practices where companies falsely portray themselves as environmentally responsible while continuing harmful practices,
- exaggerated or inflated environmental claims in advertisements that don't reflect the company's actual practices,
- using environmental issues for political or promotional gains,
- claiming compliance with laws as proof of environmental responsibility, and
- vague or unclear environmental reporting.

GREENWASHING AS THREAT

Greenwashing is a serious threat to both consumers and the community. It impacts economic, social, and environmental aspects of business. This practice questions the transparency and responsibility of companies that promote their products or services as eco-friendly, even though they do not meet real sustainability standards. This practice undermines the transparency and accountability of companies promoting their products or services as eco-

friendly, despite failing to meet true sustainability standards. Greenwashing damages consumer trust, affects the market for sustainable products, and harms genuinely sustainable companies [10]. Greenwashing involves misleading stakeholders about a company's environmental practices. Companies often selectively share positive information while hiding negative details. This can erode employees' trust and decrease their connection to the company, causing negative reactions [11].

Greenwashing misleads consumers who want to make environmentally responsible choices. Instead of buying products that really help protect the environment, consumers often unknowingly support companies that use unethical practices to appear "green." This deception weakens consumer trust in green initiatives and sustainable products. Misleading eco-advertising confuses consumers and makes it harder for them to make informed buying decisions [10]. This confusion, lowers consumers' perception of risk but also raises their doubts about real eco-friendly claims.

Greenwashing undermines the market for sustainable products because it allows companies that do not invest in genuine green initiatives to take up market space and resources at the expense of truly sustainable businesses. Authors in [11] emphasize that this practice makes it difficult for consumers to distinguish between products that genuinely contribute to sustainability and those that are the result of deception. When false claims receive the same level of attention as genuine environmental initiatives, it obstructs competition for companies that dedicate resources to real ecological improvements.

Deceptive environmental advertising by corporations is a practice that is widespread among large companies. This practice involves efforts to disguise environmental violations by making claims about eco-friendliness. As a result, there is a disconnect between the positive environmental image that the company presents and its actual poor performance. This discrepancy can create the impression that the company is improving its social reputation. To improve their environmental image, some companies resort to unethical tactics. They may falsify images or forge certifications in order to avoid inspection from environmental regulators. This type of communication is misleading and can deceive stakeholders. Ultimately, it may constitute a form of fake environmental reporting, especially in projects that hold significant importance for the broader community [11].

Authors in [12] explain that governments and project owners have set high environmental goals. The economic costs of meeting these goals are also very high. Achieving significant environmental objectives can lead to increased costs. This creates a paradox between environmental sustainability and economic success. As a result, company may choose unethical behaviors. They might do this to superficially meet environmental goals while keeping costs low. Such actions can pose potential threats to the environment, as well as to the health and safety of consumers and society.

Greenwashing also poses a serious threat to companies that genuinely work on sustainability. According to [9] these companies may lose their competitive edge as consumers become skeptical of all environmental claims. Greenwashing not only undermines the efforts of these companies but also creates an unfair market competition, as unethical companies benefit from false claims without making real investments in sustainability. In addition to deceiving consumers and undermining the market, greenwashing has broader environmental and social consequences. Corporations that engage in this practice often hide real environmental violations or unethical business practices, which can lead to significant ecological and health impacts on communities. For example, falsifying certificates regarding environmental standards or misrepresenting environmental achievements can jeopardize the health of people and ecosystems, as noted in [10].

Greenwash does not only have a directly negative effect on green purchase intention, but also have an indirectly negative effect on it via green confusion and green perceived risk. This can also affect consumer trust, making it more difficult to distinguish sustainable products from false claims and undermining genuine green initiatives. Companies should decrease their greenwash behaviors and should not only claim their "greenness" but also show the proof of their green products. These policies would reduce customer confusion and risk [13].

But greenwashing can also have serious consequences for company as loss of consumer trust which is hard to rebuild, lost partnership opportunities after public greenwashing scandal. Brands that misrepresent their sustainability efforts can face "greenwashing litigation," a specific type of false advertising lawsuit [14]. The financial implications of these lawsuits highlight the importance of accurately representing sustainable practices and corporate social responsibility.

Greenwashing poses a significant threat by misleading consumers and undermines the efforts of genuinely sustainable companies. For consumers, greenwashing can create a false sense of environmental security. When companies misrepresent their sustainability efforts, consumers may unknowingly support businesses that do not align with their ecological values, leading to misplaced trust and dissatisfaction.

GREENWASHING AS TRICK

Greenwashing is a deceptive practice where companies mislead consumers about their environmental efforts. It creates the illusion of sustainability while masking harmful practices. Consumer behavior refers to the actions exhibited by a consumer at the time of purchase. In today's world, there is an increasing need for consumers to be informed about the sustainable aspects that should be considered when purchasing products labeled as sustainable. Consumers who choose sustainable or eco-friendly options may be influenced by their surroundings or by what is involved in their daily lives.

Organizations often employ "greenwashing" techniques to take advantage of the benefits associated with a green image while lacking ethical practices [15].

The Terra Choice Group has identified seven distinct categories, or "sins" of greenwashing practices that companies often engage in to mislead consumers about the environmental friendliness of their products or services. These categories are [4], [8]:

- hidden choice - occurs when a product or service is presented as environmentally friendly based on a limited set of attributes, while neglecting other critical environmental factors that are equally important,
- lie - making completely false claims about the environmental benefits of a product or service, deceiving consumers about its true nature,
- no evidence - refers to situations where an environmental claim is made but cannot be easily verified or lacks certification, leaving consumers without the means to validate the claim,
- inaccuracy - poorly defined or overly broad statements regarding a product or service, which can mislead consumers due to their vague nature,
- irrelevance - claim may be technically true but irrelevant to consumers, such as stating that a product does not contain a certain harmful substance when that substance is already banned by law,
- lesser of two evils - occurs when a statement about a product or service is accurate but still results in environmental harm, leading consumers to believe they are making a better choice when they are not,
- false labels - this involves using images, colors, or terminology typically associated with environmental responsibility, such as green hues or the word eco, to suggest that a product or service is more environmentally friendly than it truly is.

These sins range from misleading half-truths to outright lies and highlight common tactics businesses may use to deceive consumers [16], [4], [6]. They also simplify the process for consumers to identify instances of greenwashing at the product level [17].

In addition to these sins, [6] identified seven "varieties of greenwashing" which include concepts such as "selective disclosure", "vague green claims and policies", and "dubious

labels and certifications". These categories align with those proposed by the TerraChoice Group [in 4] but also introduce new varieties, which include:

- partnerships and endorsements with NGOs - which may give a false sense of credibility,
- ineffective public volunteer programs - which do little to improve environmental performance,
- false narrative or speech - which misrepresents a company's environmental efforts; and
- misleading visual images - which visually misrepresent the product's environmental impact.

Together, these frameworks provide a comprehensive understanding of how companies engage in greenwashing, emphasizing the importance of transparency and accountability in environmental claims.

CONCLUSION

In recent decades, environmental awareness has increased among consumers and the general public. As a result, companies have pursued to present themselves as environmentally responsible. This shift has led to more marketing strategies focused on sustainability, where businesses highlight their commitment to eco-friendly practices. However, many claims made in these campaigns lack real validity. This practice, known as greenwashing, involves organizations exaggerating or misrepresenting their environmental efforts to gain consumer trust and market share.

The implications of greenwashing are significant and multifaceted. On one hand, it raises questions about the integrity of corporate sustainability claims, undermining the efforts of genuinely committed organizations striving for authentic environmental practices. On the other hand, it can lead consumers to develop skepticism towards all sustainability claims, potentially harming both consumers and truly sustainable businesses.

Greenwashing represents a serious threat as it can deceive consumers into believing that they are supporting environmentally responsible products and companies. Instead of promoting genuine sustainable solutions, businesses often focus on maintaining a favorable image rather than implementing real changes. This approach undermines efforts to genuinely protect the environment. Consequently, greenwashing poses a significant risk to ecological justice and sustainability.

To avoid the practice of greenwashing, it is necessary to ensure transparency in reporting and communication regarding environmental practices at both local and global levels. Consumers need to be informed about how to recognize greenwashing and provided with guidelines for making responsible decisions. Government institutions and authorities should establish clear, strict, and unambiguous regulations regarding environmental claims to ensure corporate accountability.

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